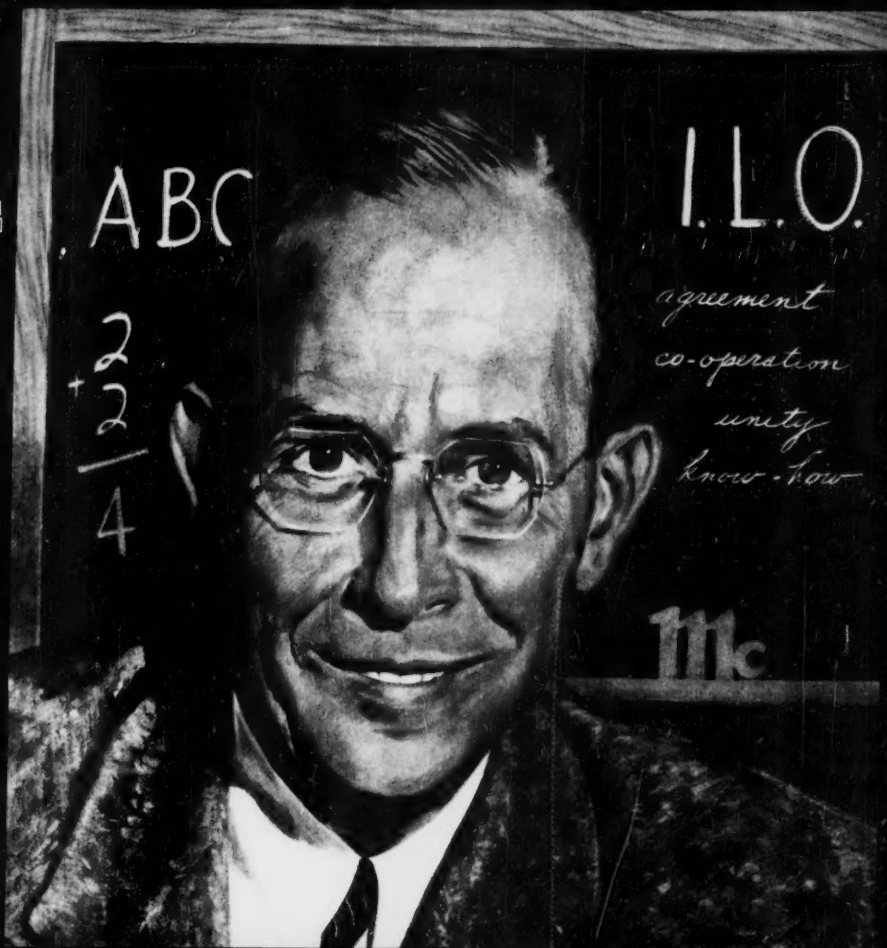


# BUSINESS WEEK

JUNE 11, 1949



Charles P. McCormick: Builds executives and morale through Multiple Management (page 6)

BUSINESS  
WEEK  
INDEX

A MCGRAW HILL PUBLICATION

TWENTY FIVE CENTS

## MOLDED IN PLASTICS BY GENERAL ELECTRIC

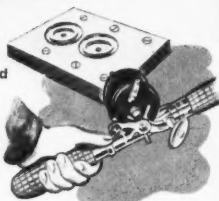


Paper cup dispenser, molded by General Electric for the Dixie Cup Company, Easton, Pa.



**LOWER SELLING PRICE!** The use of G-E plastics (instead of wood) for this television cabinet helps to make possible a low-priced set.

**LARGE-VOLUME JOBS!** G. E. is ideally equipped to mold large-quantity jobs—like parts for the Ocean City Manufacturing Co.'s surf casting reel.



**PLASTICS FOR DISPLAY!** The attractive housing of this Spur syrup dispenser was molded by G. E. for Canada Dry.



*Plastics*

## How G-E Plastics Help to LOWER PRODUCT COSTS

Here's an excellent example of how General Electric's plastics molding service helped to achieve improved design and *low costs* on a large-volume job.

G. E.'s customer, the Dixie Cup Company, wanted an attractive cup holder—sanitary, durable, yet inexpensive enough to be sold for home as well as office use. They got it! General Electric molded this cleverly-designed unit of crystal-clear polystyrene; no metal dispensing parts are needed. And low-cost production made possible a low retail price which is attracting thousands of customers.

For low cost and high quality depend on General Electric's plastics service! One of the world's largest plastics molders, G. E. is ideally equipped for large-volume production. **WRITE US FOR MORE INFORMATION** on how this service can work for you. Or contact your nearest G-E sales office. Address: Plastics Division, Chemical Department, General Electric Company, 1 Plastics Avenue, Pittsfield, Mass.

**GENERAL  ELECTRIC**

CD19-A11

General Electric plastics factories are located in Coshocton, Ohio; Decatur, Ill.; Taunton and Pittsfield, Mass.



## All lines lead to YOU

**Y**OU may be thousands of miles from the ones you want to talk to—yet the telephone brings you together quickly, clearly. Western Electric helps to make it that way.

Our part within the Bell System is to furnish the things that make good telephone

service possible. Bell scientists *design*, we *produce* and telephone company people *operate* the equipment, a triple-action with one aim—good service for you. Result: Americans have the best telephone service on earth at the lowest possible cost.

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of telephone apparatus for the Bell System.



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of supplies for Bell Telephone companies.



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of Bell System central office equipment.



# Western Electric

A UNIT OF THE BELL



SYSTEM SINCE 1882



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**— INSTITUTIONS**  
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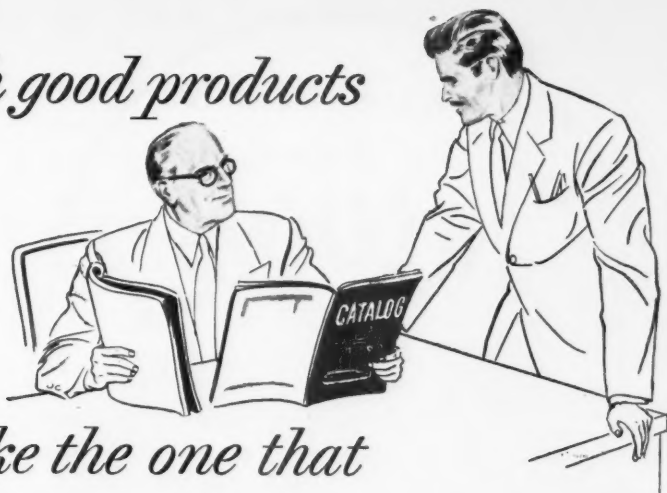


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- Tool Stands
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- Hopper Bins
- Parts Cases
- Flat Drawer Files
- Tool Trays
- Desks
- Stools
- Tool Boxes
- Saring Files
- Ironing Tables



*"They're both good products*



*...but I'll take the one that*

*can* **COUNT!"**



ALL other points being equal, sales are often settled by one product's *extra* usefulness... such as the *ability to count*.

That's why a Veeder-Root Counter, *built into your product as an integral part*, is plainly good business... a hefty punch in today's slugfest for sales.

There are all kinds of Veeder-Root Counters, mechanical and electrical, to count in all units and terms... to

enable your product to keep its own production records, prove its own service guarantee, and to give your customers protection in many ways against errors, delays, and waste. If there is *any* sales-building way in which your product can be equipped to count... then you can *count on* Veeder-Root to show you how. Write!



**8-PAGE CONDENSED CATALOG** shows Veeder-Root Counters for mechanical, electrical and manual operation. Write for a free copy.

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If you build any equipment in the field of modern electronics, you entrust the service life of your product to WIRE—To conductors that have to be drawn to amazingly close tolerances—To insulations that have to be carefully compounded—To an over-all uniformity that can only be maintained with modern engineering skill and precision machines.

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plus protection  
in Belden  
Wire

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WIREMAKER FOR INDUSTRY

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BUSINESS WEEK • June 11, 1949








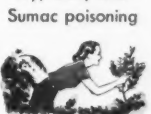
# FIRST AID

## for Summer Emergencies

Last year more than 10½ million people were injured by accidents—an average of one every 3 seconds. There were undoubtedly many million more minor accidents which were never reported.

Many types of injuries occur most frequently in summer. Knowing First Aid, including what to do until the doctor comes, may prevent complications and save someone's life. To help you meet such emergencies, cut out the chart below and place it in your First Aid kit. In case of a serious accident, however, it is always wise to call a doctor at once.



INJURY	FIRST AID TREATMENT	INJURY	FIRST AID TREATMENT
Cuts, scratches, or any small wounds 	Clean the wound with mild soap and water and apply antiseptic. When dry, cover with sterile dressing.	Drowning or when breathing stops 	Start artificial respiration immediately. Keep victim warm. Send for a doctor.
Minor burns 	To relieve pain, apply burn ointment or petroleum jelly, and cover with sterile dressing.	Sprained joints 	Keep injured joint raised and apply cold cloths or ice packs for several hours.
Sunburn 	Treat like any minor burn. If sunburn is severe, call a doctor.	Strained muscles 	Rest the affected muscle. Apply mild heat if needed to relieve pain. If pain persists, call a doctor.
Sunstroke 	Lay patient on his back in cool, shady place, apply ice bag or cold cloths to head. Do not give stimulants.	Ivy, Oak, and Sumac poisoning 	Wash with soap and water immediately after exposure. If redness and blisters appear, apply calomine lotion or use compresses soaked in cold baking soda or epsom salts.

If you would like to learn some of the more important First Aid techniques, ask your Red Cross about their First Aid classes. In addition, Metropolitan has prepared a booklet which describes methods of handling many injuries. To get a copy, write for Metropolitan's free booklet 69-8, entitled "First Aid."

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**Metropolitan Life Insurance Company**

(A MUTUAL COMPANY)

**1 Madison Avenue, New York 10, N. Y.**

**TO EMPLOYERS:** Your employees will benefit from understanding these important facts about first aid. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

**TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!**

# THIS IS A BALANCE WHEEL... IN MORE WAYS THAN ONE



It's a standard part on a leading make of sewing machine. By finding a better way to make it, the manufacturer has helped counterbalance his increasing cost of labor and materials.

Replacing time consuming methods which involved numerous operations, one New Britain Automatic Chucking Machine turns 150 rough castings into finished pieces every hour. It performs twenty-one operations on each wheel, holds  $\pm .0005$

tolerance on the shaft hole and produces an excellent finish.

Finding better production methods is the only known way to combat rising costs, maintain quality, keep prices in line and still hold a reasonable profit margin.

If you machine metal in your business, write for "IT CAN BE DONE", a portfolio of actual cost histories for top executives filled with specific examples of how others have found ways to cut costs — on simple and complex pieces, long and short runs. May we send you this collection of stimulating profit making ideas.



## NEW BRITAIN

### Automatics

THE NEW BRITAIN MACHINE COMPANY  
NEW BRITAIN, CONNECTICUT

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## THE COVER

Charles Perry McCormick, 53, president of McCormick & Co., Baltimore, is a rare combination of prophet and practical thinker.

Back in 1936, McCormick wrote: "In the future . . . honors will go to those men who are foremost in solving our economic and social problems through industry. . . . There will be something unpopular in the individual accumulation of great wealth. Industry's major problems during the present generation will be to stem the tide of radicalism . . . and put its house in order to bear the burdens of its inevitably broader responsibilities."

• **Sound Conviction**—That prophecy has been behind all of McCormick's thinking—especially his Multiple Management plan (page 82). The success he has had with his policies is the main reason he was picked to represent U. S. management at the conference of the International Labor Organization. This week McCormick will start on a long grind of talks with other delegates at Geneva, Switzerland.

McCormick will probably feel at home in the international atmosphere at Geneva. Son of a Baptist missionary, he has lived in Mexico, Puerto Rico, had early schooling in France.

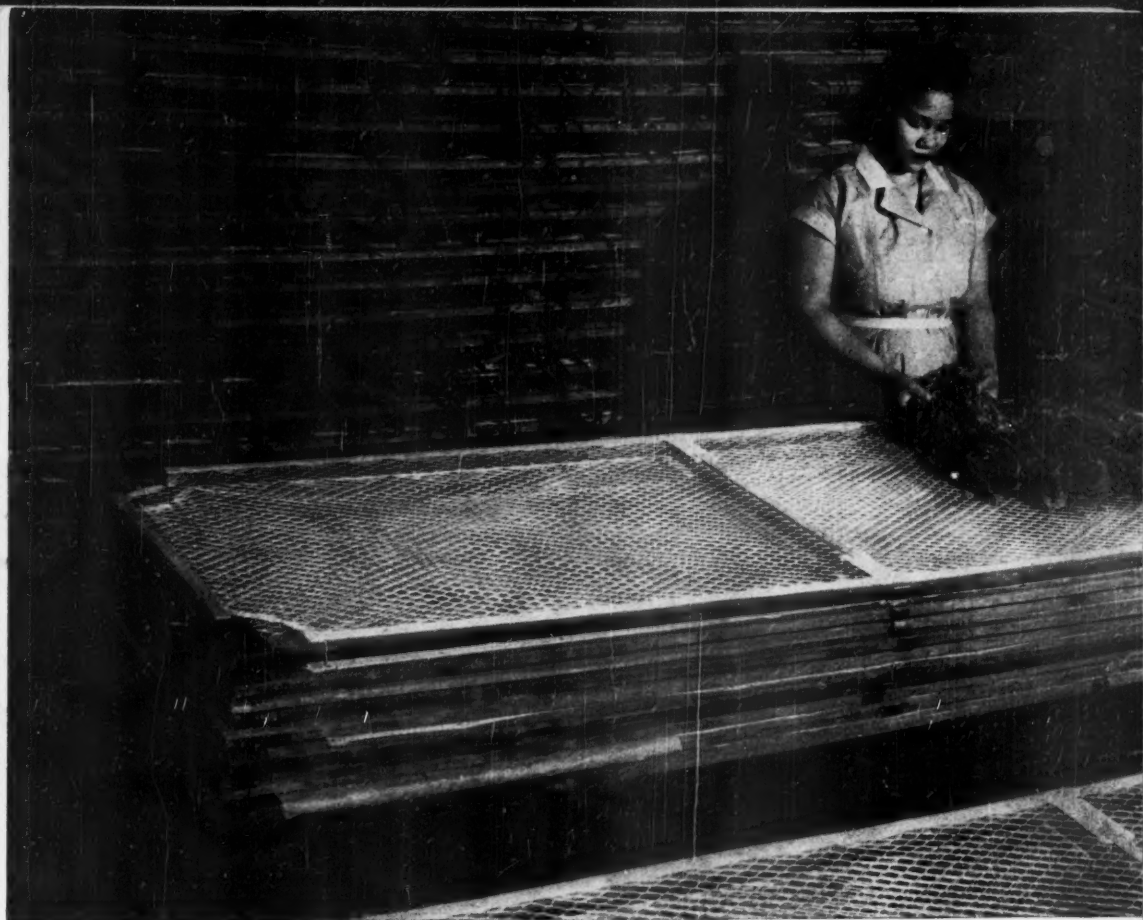
Two years at Johns Hopkins University were all that McCormick could squeeze in before World War I—and Navy service as an enlisted man. The Navy spirit has stayed with him. A conference room adjoining his office is filled with nautical trinkets.

• **Sidelines**—McCormick has a touch of the artist, too. He paints (seascapes), carves wood statuettes as gifts, draws his own Christmas cards.

Always on the squad, but never a star athlete, McCormick has set up annual awards to the "unsung heroes" of Maryland interscholastic football.

"Team play"—on the field, in the plant—has become a McCormick & Co. byword.

—Complete story on McCormick's Multiple Management plan starts on page 82. Cover painting by Tran Maviche



## HOW NYLON CURED A HUMIDITY HEADACHE

High replacement costs that have been going on for years can sometimes be brought to a sudden halt—simply by introducing a new material. Take the case of these fiber screens that used to be replaced every two weeks.

In that short time, the heat and humidity of a tobacco conditioning room made the netting sag. When that happened, air couldn't circulate properly between the stacked-up layers of tobacco. Frequent screen replacements seemed to be a headache that just had to be endured. Then this cigar-maker tried screens made of Du Pont nylon fibers.

That was two and a half years ago—and the original nylon screens are still in use. The heat and humidity just don't bother them!

In another spot in this plant, humidity runs around 99%. The netting used here rapidly deteriorated from mold. Now nylon netting is on the job. It has already lasted four times longer than previous materials. And nylon's resistance to weakening by mold and mildew suggests that this netting will give good service far into the future.

**How can nylon benefit you?** Perhaps its unusual performance properties can help you improve a production process... make a better product... or a new one. Nylon is tough and durable... strong yet light. It's elastic and resilient, quick drying, easy cleaning. Nylon fabrics can be heat-set to hold shape. And nylon resists deterioration by mildew, soil and marine rot, petroleum oils and alkalis.

Find out the many ways industry is profiting with nylon. Write for the 32-page booklet, "Nylon Textile Fibers in Industry." And tell us your fiber or fabric problems. We'll be glad to help out on them. Address Room 6510-K, Nylon Division, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

**DU PONT**  
**NYLON FIBERS**



REG. U. S. PAT. OFF.

**BETTER THINGS FOR BETTER LIVING**  
... THROUGH CHEMISTRY

*For nylon... for rayon... for fibers to come... look to Du Pont*



YOU CAN BE **SURE**.. IF IT'S  
**Westinghouse**



**...to quiet noises, for example**

If you're looking for a practical way to get rid of gearing noises, investigate Micarta. Gear noises . . . with attendant wear and vibration . . . are caused by the hammering action of gear teeth on gear teeth. These "shocks" are not confined to the gears themselves, but spread throughout the machinery . . . sometimes amplified by the type of enclosure used.

Micarta solves the problem in two ways. Gears of Micarta, used alternately, *absorb* impacts, operate quietly because of their resilience. Housings and mountings of Micarta serve to dampen noises that exist.

Quietness is only one of the remarkable properties of Micarta. As a basic structural material, it is ideal for tough jobs that call for one or more of these qualities: strength with light weight; resistance to temperature

extremes; high dielectric strength; resistance to moisture and corrosion; slow, even wear.

Micarta is available in standard sheets and structural shapes, or Westinghouse can provide it molded, formed or completely fabricated . . . to your specifications.

Ask your nearby Westinghouse office for Micarta Data Book B-3184-C, or write Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Penna.

J-06429



# BUSINESS OUTLOOK

BUSINESS WEEK

JUNE 11, 1949



We're going to have unemployment of about 5-million this summer. But don't let that frighten you too much. It isn't quite so bad as it sounds.

Employment hasn't risen this spring as it should. We will be lucky to make 60-million jobs at the July peak. And we have to do at least that well to hold the jobless down to the 5-million level.

But here's the joker. Most of the rise in unemployment from May's 3.3-million to July's 5-million level will be seasonal workers.

They come into the labor force in the summer, go out in the fall. The family doesn't depend on what they earn. Thus, the fact that one of them doesn't get a job isn't so serious as the breadwinner being idle.

•  
Unemployment will become a critical factor early next fall.

By that time, the temporary summer workers will be out of the labor force. If things don't pick up, and if we have between 4-million and 5-million out of work next fall, that means shrinking consumer income.

•  
There's no getting around the fact that employment and unemployment figures have been disappointing so far this year.

Washington takes shallow comfort out of saying: "Well, anyhow, employment still is ahead of a year ago."

Sure: The May figure on total civilian employment, out this week, is 58,694,000. That's 34,000 above a year ago.

But there are 1½-million more people looking for jobs than there were a year ago. That's what put unemployment up to 3.3-million now compared to around 1.8-million this time last year.

•  
Farm employment rose to an unusually high figure in May for this time of year. It was almost 9-million against 7.9-million a year ago.

That obscures one of the weakest spots in the present employment situation: Nonfarm jobs are 1.1-million fewer than a year ago.

Nonfarm employment went down 250,000 from March to April. It went down more than 275,000 from April to May. But, by normal seasonal patterns, it should have gone up close to half a million in those two months.

•  
Organized labor comes up to the current wage negotiations with its hand greatly weakened.

Declining nonfarm employment is a major factor. The prospect of 5-million looking for jobs in July will be another.

•  
Steel companies are even less inclined to give any ground on wages than they were a month ago.

Operations were below 90% of capacity this week for the first time since Christmas. In eight weeks, the rate dropped from 102% to 89.1%.

And the gloom is thickening. Three steel companies—Wheeling, Lukens, Portsmouth—announced operating cutbacks at midweek.

•  
Shading of steel prices is becoming more evident. American Steel & Wire shaved 35¢ a cwt. off hot galvanizing wire nails this week. And Bethlehem cut \$1 a ton off its base prices for steel plates.

•  
Zinc prices went down from 11¢ a lb. to 10¢ this week. First there was

# BUSINESS OUTLOOK (Continued)

**BUSINESS WEEK**  
**JUNE 11, 1949**

a cut of  $\frac{1}{4}\text{¢}$ , then another of  $\frac{3}{4}\text{¢}$ . And zinc statistics for May, published simultaneously, gave producers nothing to cheer about.

Output for the month continued high—77,500 tons. But shipments were only 51,900, so that 25,600 tons were added to stocks.

Moreover, only 35,600 tons actually were shipped to industrial users.

The remaining 16,300 tons either went into the government stockpile or were exported. And June is showing no improvement.

Mining interests want the tariffs put back on copper and lead.

Congress placed both on a duty-free basis back when needs far exceeded domestic output. Now, with demand gone and prices tobogganing, there is a scramble to reverse this action.

With lead, it is easy. If Congress does nothing, the duty of 1.0625¢ a lb. automatically goes back on the end of this month.

With copper, however, the duty-free period already has been extended to June 30 next year. Bills were introduced in both House and Senate this week to restore the 2¢-a-lb. impost.

Producers of raw materials are going to continue to feel as though the bottom had dropped out as long as industry lives off its inventories.

When retailers buy hand to mouth (as they are now), wholesalers cut their orders to the bone. This startles manufacturers; they cut production, meet part of demand out of finished goods in warehouses.

And, of course, many manufacturers stop buying raw materials altogether.

All this spirals back on the producers of raw materials. When it hits them, it knocks them flatter than fritters.

Consumer spending hasn't been cut anything like business spending.

There has been some drop in personal income. Farmers lost some when prices went down. Workers lost some as unemployment rose.

But the National City Bank points out that consumer spending has been just about level since February. (It dropped some at the turn of the year.) The level is about  $2\frac{1}{2}\%$  below the last quarter of 1948—but it is  $2\frac{1}{2}\%$  above a year ago, and it continues on an even keel.

Lower prices are attracting the consumer's dollar.

Meat buying is a basic example of how prices affect spending.

When steers went above \$36 a cwt. in Chicago last August and hogs above \$31, a lot of consumers were priced out of the market. Cheaper corn then combined with reduced demand to cause the long slide that followed.

Steers got down to \$21.50 in February. Hogs kept right on going until they hit \$18 shortly after the end of Lent.

But post-Lenten buying, at the new price levels, changed all that. Hogs are back up to \$22 a cwt, steers to \$27.

Construction continues a sturdy prop for the over-all economy.

Value of new construction put in place in May was \$1,568,000,000. That almost exactly matched May last year. This despite a drop of 26% in industrial building and of 15% in residential.

Public outlays, at \$457-million, were 31% above a year ago.

"—The first wealth is health"—RALPH WALDO EMERSON



## ...and oxygen wins another fight for life!

OXYGEN has saved many a fine baby like this. Born ahead of time, with lungs and heart slow to function, the dreaded blue color was appearing. But oxygen in an incubator won the fight!

From childbirth on through life, the use of oxygen in medical treatment is now becoming routine... far different from the emergency uses of earlier years.

An oxygen-enriched atmosphere makes breathing easier—reduces the strain on the overloaded heart and congested lungs. The result is less fatigue and exhaustion, and greater comfort and quicker recovery for the patient.

And in other situations, where heart action is impaired by shock or obstruction of a blood vessel, oxygen often brings vital relief. All modern hospitals have adequate equipment for oxygen therapy, often with oxygen piped to

beds from a central supply.

*The people of Union Carbide produce oxygen and many other materials that help all of us stay healthier, live longer. They also produce hundreds of other materials for the use of science and industry, to help maintain American leadership in meeting the needs of mankind.*

**FREE:** An informative "Oxygen Therapy Handbook" is available free of charge to doctors, nurses, and persons interested in hospital administration. If you would also like information on other products of Union Carbide ask for the free booklet "Products and Processes."

**UNION CARBIDE**  
**AND CARBON CORPORATION**  
30 EAST 42ND STREET  NEW YORK 17, N. Y.

*Trade-marked Products of Divisions and Units include*

LINDE Oxygen • PREST-O-LITE Acetylene • PYROFAX Gas • SYNTHETIC ORGANIC CHEMICALS  
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## CHITWOOD'S **Smart idea!**

**He uses Hollywood stunt men to hurl cars through flame and space for 1,500,000 paid admissions.**

**J**OIE CHITWOOD of Reading, Pa., has, in five years, parlayed his idea for a thrill troupe of stunt drivers into a standout attraction. Chitwood crashes cars into fiery walls, leapfrogs them at 60 miles per hour, turns them end over end.

His thrill-a-minute card of auto stunts attracts over 1,500,000 thrill-seekers each year. To play 300 engagements in the East and Midwest, Chitwood transports his equipment with nine Ford Trucks. These, plus the 25 Ford cars in his three troupes, make Chitwood a 100% Ford user and booster.



◀ **CLIMAX** of the show is the spectacular "Ramp Jump." Ford Truck user Joie Chitwood has one Ford car leap 85 feet through the air over a second car which swerves underneath. He uses stock model 1949 Ford cars.

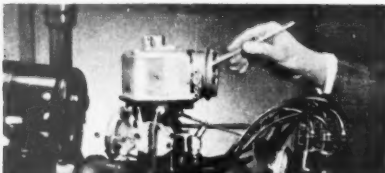
▲ **JOIE CHITWOOD** of Reading, Pa., won the Eastern AAA racing crown three times; and drove in the big event at Indianapolis six times. This driving background helped him make auto-stunting a million-dollar business.

## CHITWOOD'S **Smart move!**

**He uses nine Ford Bonus-Built Trucks in his business . . . Smart Move! . . . Smart Business!**



"**STEERING** is as easy as rolling off our 'Wing-Over Ramp'," says Chitwood. Replies Keeter, "That's because of Ford's 3-tooth Roll Action steering gear. Two rows of needle bearings support the steering roller."



"**EXCLUSIVE** is the word for this carburetor in the F-8 Ford Truck. A dual throat for fast, thrifty vaporization. Correct metering of fuel at all operating angles is assured through dual concentric downdraft design."



"**THIS IS THE STAR** of my troupe," says Joie Chitwood to Ford Dealer Pat Keeter (left). "We expect a lot from our trucks like this 145 h.p. Ford Big Job, and we get it. We play Clearfield, Pa., one night. Faribault, Minn., 36 hours later. Bedford, Pa.,

48 hours after that. Ford Trucks pull us through, on time." "Yes," replies Keeter, "Ford Trucks dish it out, and they can take it. They can take it because they're Bonus Built. Over 150 different Ford Truck models are built extra strong to last longer."

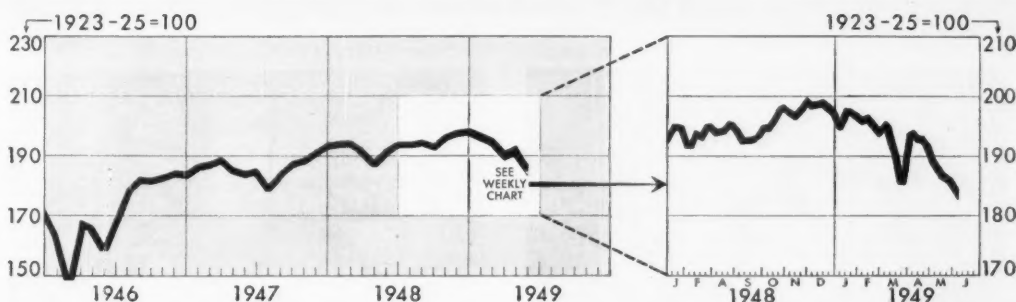
## CHITWOOD'S **Smart bet!**

**FORD TRUCKS LAST LONGER!**

*Using latest registration data on 6,106,000 trucks, life insurance experts prove Ford Trucks last longer!*



# FIGURES OF THE WEEK



**Business Week Index (above)** . . . . . \*184.4 †186.2 189.4 193.3 162.2

## PRODUCTION

Steel ingot operations (% of capacity).....	89.1	91.8	96.2	96.1	97.3
Production of automobiles and trucks.....	97,995	†117,703	130,113	75,607	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$30,464	\$26,326	\$21,396	\$25,297	\$19,433
Electric power output (million kilowatt-hours).....	5,018	5,270	5,284	4,845	3,130
Crude oil (daily average, 1,000 bbls.).....	4,889	4,897	4,897	5,471	3,842
Bituminous coal (daily average, 1,000 tons).....	1,886	1,856	1,927	2,278	1,685

## TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	72	71	74	84	86
All other carloadings (daily average, 1,000 cars).....	59	58	57	67	52
Money in circulation (millions).....	\$27,515	\$27,367	\$27,447	\$27,895	\$9,613
Department store sales (change from same week of preceding year).....	-8%	-5%	-4%	+19%	+17%
Business failures (Dun & Bradstreet, number).....	165	206	193	91	228

## PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), April, 1949	....	...	169.5	169.3	105.2
Spot commodity index (Moody's, Dec. 31, 1931 = 100).....	340.0	344.1	344.1	426.1	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	216.8	†223.3	231.7	277.0	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100)....	293.7	293.4	287.8	394.3	146.6
Finished steel composite (Steel, ton).....	\$92.77	\$92.77	\$93.55	\$80.27	\$56.73
Scrap steel composite (Iron Age, ton).....	\$21.67	\$21.75	\$22.75	\$40.66	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	17.625¢	17.625¢	18.265¢	21.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$1.99	\$2.24	\$2.26	\$2.39	\$0.99
Sugar (raw, delivered New York, lb.).....	5.85¢	5.84¢	5.76¢	5.27¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	32.61¢	32.54¢	33.07¢	37.53¢	13.94¢
Wool tops (New York, lb.).....	\$1.552	\$1.565	\$1.558	\$1.996	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	16.25¢	16.89¢	18.40¢	22.70¢	22.16¢

## FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	110.8	114.0	118.3	132.7	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.46%	3.45%	3.45%	3.34%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.71%	2.72%	2.70%	2.75%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1¾%	1½-1¾%	1½-1¾%	1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-1¾%	1½-1¾%	1½-1¾%	1½%	1-1½%

## BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks.....	46,364	†46,383	45,822	46,646	††27,777
Total loans and investments, reporting member banks.....	62,336	†62,281	61,635	62,936	††32,309
Commercial and agricultural loans, reporting member banks.....	13,476	†13,628	13,971	14,113	††16,963
Securities loans, reporting member banks.....	2,306	2,131	2,085	1,830	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks....	34,035	†34,145	33,263	35,218	††15,999
Other securities held, reporting member banks.....	4,490	†4,437	4,365	4,197	††4,303
Excess reserves, all member banks.....	800	760	870	941	5,290
Total federal reserve credit outstanding.....	20,145	20,048	21,576	21,292	2,265

\*Preliminary, week ended June 4th.

†Revised.

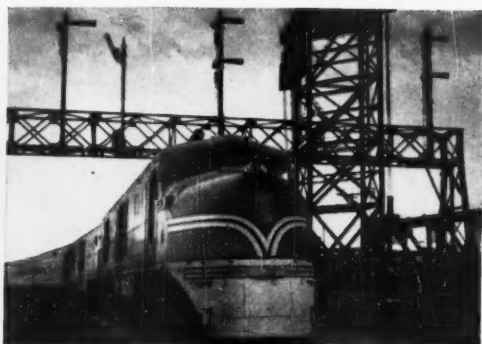
††Estimate (BW—Jul. 12 '49, p. 16)

‡Date for "Latest Week" on each series on request.

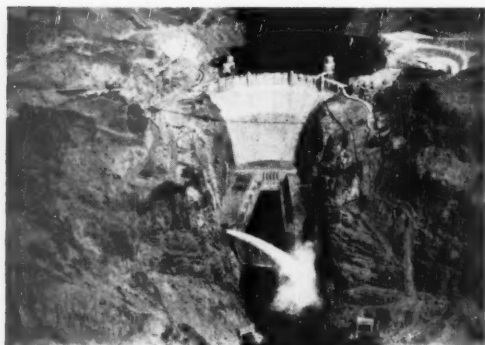
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**MOST POWERFUL BOMBER IN THE WORLD.** On this new jet-propelled version of the Northrop Flying Wing, storage batteries are vital equipment. Exide Batteries serve on aircraft of every type and size—government, commercial, and personal planes.

Wherever you are, wherever you go, Exide Batteries contribute to your comfort, safety and convenience... not only in telephone, railway, central station and aviation service, but in many other ways. There are Exides for every storage battery need.

Exide Batteries supply motive power for time-and-cost-cutting battery electric industrial trucks, and for mine locomotives, trammers and shuttle cars. They provide standby power for municipal fire alarm systems, and for emer-

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# WASHINGTON OUTLOOK



**TRUMAN HAS A DECISION** to make—within the month: How much of his January economic program must he publicly abandon to get in tune with the times?

For weeks now, he has been out of step with almost everyone in his official family.

His people know business is going through a difficult readjustment. They say: "Let's not rock the boat." But Truman has been doggedly holding out for "inflation" controls, new taxes.

Early next month, the Council of Economic Advisers will turn in its midyear economic report. The council is going to tell Truman that the government has got to begin dealing with the problem of deflation.

Before he makes that report public—and traditionally he does—Truman must decide whether to get himself in line.

The council's own specialists already have written Draft One of this report. This first draft says:

**Don't raise taxes.** That could discourage business spending, accelerate the current slide.

**Don't cut government spending** either. After all, government accounts for one-fifth of the national income.

**Go to modest deficit financing** deliberately. It's a lesser evil. Either a cut in spending or a boost in taxes would lower income, might actually make for an even bigger deficit. Finally,

**Forget the Spence bill** for government-prodded plant expansion (Spence himself repudiated it this week). Also forget its newer version, the Murray bill. You don't need this sort of legislation because the time of shortages is past; it can only hurt business confidence.

True, Draft One is only what the council's staff is putting up to its own bosses—Nourse, Keyserling, and Clark. It's what the staff thinks the council ought to tell Truman.

But this is not very different from what the council members themselves have come to believe. Indeed, it hardly does more than spread onto the record what the council has been telling Truman during their May and June private briefings.

**ONE CAMPAIGN PROMISE** Truman is keeping: Farmers won't lose out this year for lack of bins to store the whopping big wheat crop they're harvesting.

It was the 80th Congress' refusal to let the Commodity Credit Corp. provide bins for last year's surplus wheat and corn that was credited with swinging farm states like Iowa to Truman.

Now the new Congress has corrected the law. And Agriculture Secretary Brannon is moving in swiftly.

He has started CCC on a hurry-up job to build 50-million bu. of new government storage.

He is offering farmers loans up to 85¢ on the dollar of cost to build or buy storage facilities on their own farms.

Finally—and this is new—he offers to lend farmers 75% of the support price of any wheat that has to be piled on the open ground until storage can be found.

The effect of the 75% loan scheme will be to put a price floor under spot sales. Already, some of the Texas harvest is selling in the cash market that far under the government's support price for stored grain.

**THE NAVY WILL TURN BACK** to civilian service the 57 tankers it has operated since war's end—if it can get long-term contracts from the oil companies to carry naval oil and gasoline at satisfactory prices.

**THE BOLIVIAN TIN STRIKE** is bringing another year's extension of wartime allocation controls on tin and tin products.

Commerce Secretary Sawyer had planned to let the Second Decontrol Act expire June 30. Nearly everything except tin is off control now anyway, although there's authority in the law to route freight cars, regulate imports of fats and oils, rice, fertilizer, antimony.

This week Sawyer changed his mind, asked Congress to extend tin controls to June 30, 1950, because of the interruption in Bolivian supplies. He promised to drop allocation sooner if the Bolivian mines get back into regular operation.

**ELECTRIC UTILITIES** are making one last stand to stave off competitive federal transmission lines.

This week 10 southwestern power companies presented the Senate Appropriations Committee this offer: We'll take government energy at the bus bar, deliver it to government customers at government rates, take our service charge in surplus power.

Utilities in the Rocky Mountain area and the

# WASHINGTON OUTLOOK (Continued)

Missouri basin are busy drafting similar proposals.

Immediate objective: to stop federal spending for transmission lines planned by the Southwestern Power Administration, and by the Reclamation Bureau in the West.

Long-range objective: to contain federal power expansion.

The Interior Dept., which at one time urged the utilities to make this sort of deal, now scorns the idea. Krug's power boys can count enough votes for getting the money they want to build their own lines.

•

**THE "ESCAPE CLAUSE"** in reciprocal trade agreements is getting its first real workout.

The issue is clothes pins—the kind with the built-in spring. Mexico and Sweden make them; so does Maine.

The Maine manufacturers have gone to the Tariff Commission complaining that they are being put out of business. Their demand: that Truman cancel the 50% cut in duty granted under the Hull program.

The "escape clause" is the way this can be done. Under it, the President can modify or withdraw any tariff concession he finds damaging to U. S. industry. It was written into the trade program in 1947, as part of the so-called Vandenberg-Clayton compromise that headed off a repealer attack by the G.O.P. 80th Congress.

It has never been used. Four previous appeals have been thrown out by the Tariff Commission. The clothes-pin case, however, is going to Truman. And with business turning down, there are bound to be bigger cases coming along.

In the end, Truman seems likely to turn down the clothes-pin appeal. The Administration doesn't want to start the business of walking out on these deals, even though it legally can.

Reason: The escape clause works both ways; an affected nation can retaliate by withdrawing equal concessions to U. S. producers.

•

**WOMEN DEMOCRATS** are plugging Mrs. May Thompson Evans of North Carolina to be the non-union Assistant Secretary of Labor. She's a field official in Federal Security Agency now, has the endorsement for the new post of all North Carolina congressmen—ranging politically from Graham to Hoey.

•

**PAUL HOFFMAN'S PREOCCUPATION** these

days is to goad West Europe into raising its sights on how much to sell in the U. S.

Hoffman sees the political success ECA has had—in containing communism—as well as any-one. He also sees the program heading for economic failure.

Here's why: By 1952-53, Marshall Plan nations plan to be buying in the U. S. hardly more than half as much as they did in 1938—a poor year.

That's the way Europe is thinking now. Hoffman wants this trade to level out at or above the 1947 record high.

His problem is to change Europe's whole state of mind. Today Europeans see the solution to their dollar shortage in buying less. Hoffman preaches that the solution is for Europe to sell more.

Also, to Hoffman's way of thinking, this is more than just setting Europe straight. It's the best way he sees to assure American business a continuing market abroad.

•

ECA ambassador Harriman is evangelizing Hoffman's high-level trade views all over Europe (BW-May 7'49, p21).

Now Hoffman is following up, putting crews of sales engineers to work on the grubby obstacles. Their job: to teach the Europeans the differences between merchandising over there and over here in this country.

That runs to pointers on consumer tastes, packaging, pricing, huckstering. Wayne Taylor, an experienced government hand at this sort of thing, is already at work in Europe.

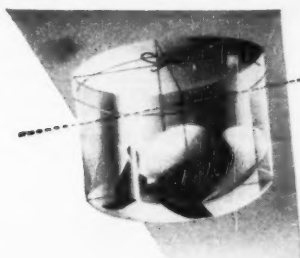
Next to go over will be a series of trouble-shooting teams to find out what keeps Europe's productivity so low—it's only one-third of U. S. standards.

On another line of attack, Hoffman is needling European governments into offering export incentives. France, Britain, and Belgium already have made a start. French exporters get free use of 15% of the dollars they earn. Britain and Belgium give exporters a break in allocating materials.

Here in Washington, Hoffman is busily pressuring other agencies into doing something, too. There is the Commerce Dept.'s international trade fair, of course (BW—Apr. 30'49, p15), scheduled for 1950. There is the Treasury Dept.'s attempt to take red tape out of customs rules. And there is the State Dept.'s speedup on getting ECA countries to sign treaties voiding double taxation on traders with offices in two countries.



## YOU'RE LOOKING THROUGH A TREE



Many types of wearing apparel, drapes, and other textile products are made of yarns produced from highly purified wood cellulose.



Automobile and truck tires have longer life if they are made with viscose rayon cords, which are produced from wood cellulose.



There are other products made from purified wood cellulose—photographic film, vulcanized fiber, lacquers, to name a few.

The transparent material that protects this lady's hat started out as part of a tree. Cellulose acetate it's called—it is made from highly purified cellulose derived by chemically processing wood. You will find flowers as well as hats packed in this material, and a variety of toiletries and other articles where both product protection and eye-appeal are important.

Another familiar transparent material—cellophane—is used even more extensively for packaging purposes, particularly for foods. It, too, is made from highly purified wood cellulose.

That is why, when you inspect a product through a transparent wrapping, the chances are you are "looking through a tree."

Rayonier does not make cellulose acetate or cellophane. It is our job to convert trees into highly purified wood cellulose from which transparent packaging materials—and many other useful products—are made. We supply highly purified wood cellulose in a number of types, each developed to give best results in making the various end products for which it is used.

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## After winding up unfinished work?

Making short work of unfinished work is easier when you go Pullman. Just ask your porter to bring you a table. This turns your accommodations into an office on wheels.



## After catching up on important reading?

Sit back in easy-chair comfort. The light's right; the angle's right! And, if there's anything you want—an extra pillow, for example—a touch of your buzzer will send the porter hurrying to get it for you.



## After taking time out for relaxation?

Step into the lounge car reserved for you and other Pullman passengers. Loosen up and feel like new again. Here you enjoy the company of people you'd enjoy having as guests in your own home.



**Relax**—the fact is you can retire *when* you want to, when you go Pullman.

Ah . . . You'll find that mattress is as soft as dream-dust in your youngster's eyes. Those sheets, as fresh as a spring morning. Man, it takes real will-power to keep from tucking yourself in *early*!

No wonder so many executives agree—

• • •

Visit the Chicago Railroad Fair in '49, June 25th through October 2nd.  
Don't miss the Pullman Exhibit!

IT'S GOOD BUSINESS TO

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THE SAFEST, MOST COMFORTABLE WAY  
TO GET THERE!

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## Telling You Where You Stand on Pricing

### O'MAHONEY PRICING BILL DOES:

- Permit "a seller, acting independently, to quote or sell at delivered prices or to absorb freight"—with certain important provisos and exceptions.
- Squash for good the theory, held by some government people, that net realization at the mill ("mill net") is the true and only criterion of price.

### O'MAHONEY PRICING BILL DOES NOT:

- Legalize the systematic use of basing-point pricing or anything resembling the old basing-point systems.

### O'MAHONEY PRICING BILL MAY:

- Strengthen FTC's hand in one respect, in cases involving price discrimination (if the Senate version of the bill becomes law; the House version makes no substantial change in this section).

You may have read in the papers that the Senate passed a bill last week that will legalize basing points. Actually, that's not so.

The Senate did pass a delivered-pricing bill. But businessmen who have been convinced by reports that this bill is the solution to all their pricing worries should note these sobering facts:

THE BILL WAS SPONSORED by Sen. Joseph C. O'Mahoney, who is known as "the Senate's chief trust-buster" (BW-Jan. 8 '49, p. 25).

THE BILL WAS WRITTEN by O'Mahoney in conference with officials of the Federal Trade Commission.

THE BILL WAS SUPPORTED at House committee hearings this week by both FTC and the Justice Dept.'s Anti-trust Division.

So it would seem a good idea for businessmen to take a second look at the O'Mahoney bill, to find out exactly what it does and does not do.

• **A Permanent Law**—If the bill becomes the law of the land—and it looked at midweek as if it would—it will be permanent legislation. The pricing bill that everyone assumed would be passed was only temporary: It would have placed a two-year moratorium on suits by FTC or the Justice Dept. against companies who quote delivered prices or absorb freight individually and in good faith. At the end of that period, the subject would have come up again.

But the senators made it very clear in their debate that the O'Mahoney bill, which was substituted for the temporary bill, is to be permanent. This means that, when and if this bill becomes law, industry can expect no further changes in the pricing rules under which it does business; there would be little chance of further legislation soon.

Here is where the various delivered-pricing methods will stand when and if the O'Mahoney bill becomes law:

**Postage-stamp pricing** by a single company is specifically legal.

**Zone pricing by a single company** is still under a cloud, though not nearly so dark a one. There is no longer any question of discrimination among different customers in the same zone, because they all pay the same price, and that is specifically legal. But there may still be discrimination between customers on opposite sides of a zone boundary: if the price difference is big enough to injure competition between them, look out.

**Zone pricing by competing companies**, where all use substantially the same zone system and quote substantially the same prices for any one zone, is still subject to FTC charges of conspiracy.

**Basing-point pricing** is still illegal.

The O'Mahoney bill is in the form of amendments to the Federal Trade Commission Act and the Clayton anti-trust act—the two laws under which FTC has brought all of its pricing cases.

Under both acts, the bill specifically legalizes delivered prices and freight absorption. But it makes it clear that this is not a blanket O.K.

These restrictions, as embodied in the Senate bill, were changed somewhat this week by the House Judiciary Committee. The net effect would be to give industry a little more elbow room than it would have under the Senate bill. Which version will become law won't be known until the bill is thrashed out in a Senate-House committee.

• **No Conspiracy**—The proposed new language of the FTC act under both bills says that it's O.K. "for a seller, acting independently, to quote or sell at delivered prices or to absorb freight: provided that this shall not make lawful any combination, conspiracy, or collusive agreement; or any monopolistic, oppressive, deceptive, or fraudulent practice."

In the basing-point cases that the commission has brought under the FTC law, conspiracy has been one of the major points. In most of the cases in which the commission has been successful, the conspiracy was proved to the courts' satisfaction. (The Cement Institute case is one example.) Thus, these and similar cases would not be affected by the O'Mahoney bill.

• **Doubt**—But the recent rigid-steel conduit case set a precedent, in that one count of it rested on implied conspiracy: FTC contended that "conscious parallel action" by the companies, in which all took certain actions in the certain knowledge that all the others would do likewise, was equivalent to conspiracy. The court agreed.

The fate of this legal doctrine under the new bill is in doubt. FTC maintains that the doctrine has not been changed. But a well-known corporation lawyer, who has defended clients against FTC charges, told BUSINESS WEEK that, in his opinion, this sort of proof of conspiracy in a pricing case would no longer stand up. His argument: The bill specifically permits delivered prices and freight absorption if a seller is acting independently. In a case in which FTC tried to use the "conscious parallel action" proof, he says, each company's defense would be that it had acted independently—and therefore legally—regardless of whether or not FTC could

prove that it knew all its competitors would act the same way.

• **Clayton Act**—The proposed new language of the Clayton act splits up freight absorption and delivered pricing.

In one section, the Senate bill says that it shall not be an unlawful price discrimination to absorb freight independently "to meet the equally low price of a competitor in good faith (except where the effect . . . will be to substantially lessen competition)."

This again affects basing-point pricing, as it used to be used, for instance, in the steel or cement industries. The steel and cement companies have always said that their use of basing-point systems was merely the logical end-product of meeting equally low prices of all competitors who happen to be more advantageously situated.

But FTC has held that this meeting of prices, when carried to this logical end result, does substantially lessen competition among the suppliers themselves. And the courts have upheld FTC. The insertion in the new bill of the parenthetical exception seems to leave the commission free to press similar charges if the Senate bill becomes law.

The House version of the new bill leaves out the parenthesis. This still wouldn't put basing-point pricing in the clear, however. If this version becomes law, final determination would rest on interpretation of the phrase, "acting independently." In any case where FTC would charge conspiracy under the FTC act, it would also probably say that there was lack of true independent action under the Clayton act.

• **"If" Clause**—The new bill adds another Clayton act section to the effect that it's O.K. to quote or sell at delivered prices independently "if such prices are identical at different delivery points or if differences between such prices are not such that their effect upon competition may be that prohibited by this section."

That "if" clause takes in a lot of territory. The first thing it says is that postage-stamp pricing (the same delivered price anywhere in the country) is legal. The second thing it says is that if you quote different prices to different customers (either under a zone system or on any other basis), you must not discriminate to the extent that competition is substantially lessened—and that refers to competition among you and your competitors, and to competition among your customers, and even among your customers' customers.

• **Good Faith**—The Senate bill makes one further change in the Clayton act that could actually strengthen FTC's hand in certain cases. The act formerly said that discriminations that would otherwise be illegal could be justified if the seller could prove that the discriminatory price was made by him in good

faith to meet the equally low price of a competitor.

The Senate bill inserts a parenthesis. It says: "A seller may justify a discrimination (other than a discrimination which will substantially lessen competition)" if he can prove . . . and so forth. The point is that, under the bill, "good faith" could no longer be relied on as a complete defense against charges of price discrimination.

• **Standard Oil Case**—The House committee knocked out this parenthesis, leaving this "good-faith" section of the Clayton act substantially as it was.

Actually, however, this difference may prove academic. There is a case now in the courts in which FTC is seeking to prove that the good-faith clause is not a complete defense even as the law now stands. FTC charged Standard Oil Co. (Indiana) with unlawful price discrimination; the company said that its price differences were justified by the fact that they were made to meet the equally low price of a competitor. FTC held,

however, that this section of the Clayton act is not an absolute defense, and that in this case the effect on competition was such that the price differences were illegal anyway.

A Circuit Court of Appeals upheld the commission in March; the case is now before the Supreme Court.

• **Clarification**—It seems clear, then, that the principal good effect of the O'Mahoney bill—no matter which version is finally passed—is to clear up the many uncertainties in businessmen's minds about pricing—uncertainties that arose from the sweeping judicial statements in the cement and conduit cases.

Many executives were afraid that all business would be forced to go to f.o.b.-mill pricing exclusively—and many articles were written and many speeches were made on the evils that this would create. The bill makes it clear that this is not Congress' intent.

And this, the Federal Trade Commission insists, is just what it has been saying all along.

## Help for the Tramps

New bill would give nonscheduled shipping operators same construction subsidies the regulars have. Shipbuilders stand to gain, too. And the bill has good chance of passage by Congress.

The U. S. merchant marine—especially the tramp-ship operators—may soon be riding smoother seas. The House Merchant Marine & Fisheries Committee, headed by Rep. S. O. Bland (D., Va.), is now airing a plan updating the Merchant Marine Act of 1936. The bill stands a better-than-even chance of being passed this year.

• **Unanimous**—For a year now, Maritime Commissioner Grenville Mellen, the National Federation of American Shipping, and the Navy have plugged away at the program. Rep. Bland had said his committee wouldn't act on any legislation until all parties concerned got together on what they wanted.

• **Changes**—Here's what the new program would do:

(1) It would give construction subsidies to all companies operating ships in foreign trade. That lets in the tramp-ship operator. Now only the companies working the so-called essential trade routes are eligible.

(2) It would give mortgage relief to a company buying a new passenger vessel by making it liable only to the extent of that one ship. Under the present system, a company defaulting on a government loan risks all its assets.

(3) It would reduce the minimum age at which shippers can trade in old vessels to the Maritime Commission. Under present law, when a vessel becomes obsolete—usually when it is about

20 years old—the owner can sell it to the commission—but not until it is at least 17 years old; most ships are turned in very soon after they reach 17.

A tremendous number of existing ships were built in the forties, so very soon after 1957 a great rush of ships is likely to be turned in all at once. To spread this period out, the minimum age would be reduced to 12 years.

(4) It would make construction reserve funds tax exempt, and liberalize the use of them, if the Maritime Commission approved. These funds, set up from money normally distributed among stockholders, can be used now only to build new ships. The present plan would let companies use them to reconstruct ships and to liquidate debts.

(5) It would allow companies to up depreciation rates to as high as 15% in good years. Present maximum rate is 5%.

(6) It would permit the Maritime Commission to recompute the life of a reconstructed vessel for depreciation purposes; it's now fixed at 20 years. Reconstruction cost usually runs into millions, an expense the owner cannot amortize under present rules.

• **Shipbuilders' Aid**—Actually, shipbuilders stand to gain as much as the operators from passage of the amendments. It's estimated that 10 passenger vessels would be ordered if the amendments went through.



Emphasis on auto travel at home, boom in foreign travel make it a . . .

## Big But Not Gaudy Vacation Season

More people vacationing, more traveling, but all spending gaily. Still booming: overseas travel.

The 1949 vacation season is off to an early start. The big thing about this season is that more people will be hitting vacation trails than ever before. The bad thing—for people in the travel business—is that each vacationer will spend less this summer than he did last year. Even fun is getting into a buyer's market.

That's the broad picture from a BUSINESS WEEK survey of travel agents, resort owners, railroads, airlines, and shiplines from coast to coast.

• **Still Big**—But the grip on travel purses isn't tight enough yet to put a real scare into the food, fun, and ride dealers. As one mid-west resort operator put it: "Sure, I expect about 15% less trade this summer than a year ago, but even with the decrease my business will be three times as big as it was in 1940."

This year there will be more Americans who have vacations with pay than ever before. Bureau of Labor Statistics has found that between 36-million and 38-million wage and salary workers are eligible for vacations with pay in 1949. That's about 5-million more than in 1943-44.

• **Shopping Around**—The hitch is that they'll be spending less per person than they did last year. Would-be vacationers are definitely shopping around. They're clipping ad coupons, writing in for travel leaflets in record quantity. Union Pacific R.R. reports, for instance, that since February requests for summer travel literature have been flooding in at a rate of 400 to 3,000 daily,

34% over last year. Money-on-the-line bookings aren't up to that pace yet.

• **Auto Travel**—Travel-merchants predict that the tight money market will give the family auto a bigger part to play. Shell Oil Co.'s touring service nails this trend in figures: 10% more vacation drivers than in '48. Some 82% of all vacationists will go by car, as against 76% last year; they'll clock up 51-billion passenger miles, compared with 48-billion in 1948. All told, says Shell, vacations will put 24 million cars on the road and put \$8-billion in the pockets of tourist-caterers.

Motor courts are apt to get a healthy shot in the arm from the self-propelled tourists this summer. Instead of heading for the big resort hotels, the average motorist will keep moving, turn in for one night stands at motels.

• **Price Impasse**—Resort hotels echo the complaint that vacationists are price-conscious this year. Where, in past years, the word was, "Give me anything you've got; we'll talk about money later," now they're asking about rates in advance, and then asking what they can get that's cheaper.

Trouble is, most resorts aren't yet ready to pare down prices. With a year's income hanging on two or three months' business and operating costs still high, resort men won't chop rates until a drastic fall-off in bookings looms. Instead, resorts are offering extras—more for your money—like tennis courts, dancing, badminton.

• **Florida Bargains**—There's one big exception to the hold-the-price-line resort

policy. Greater Miami, Fla., is going all out this summer to build year-round resort trade. Drastic price-slashing has brought bargain-basement rates to lure summer business. Luxurious ocean-front hotels offer rooms at \$12 to \$14 a day; winter visitors paid \$30 to \$40 for the same accommodations. One hotel advertises: "Live like a millionaire for \$6 a day." Apartments that cost \$2,500 for a three-month winter season now go for as little as \$50 a month.

• **Airline Packages**—Cut-rate air fares tie in with the Miami summer promotion project, too. Eastern Air Lines, big Florida feeder-route, has a special excursion rate, good May 15 to Oct. 31. Eastern's normal N. Y. to Miami round-trip fare is \$150.13; summer excursion rate is slashed to \$102.

Another Eastern Air bargain-bundle: the packaged "houseparty air tour." The tourist can buy one ticket from Eastern that flies him New York to Miami and return and gives him a seven-day stay at a swank hotel, all meals, a cruise, dancing, weiner roast, champagne party—all for \$153.82.

United Air Lines is also giving the one-ticket vacation bundle a real try this year. United is selling package air tours to Hawaii, to Colorado dude ranches, and to Canada, Alaska, and the Pacific Northwest. American Air Lines is turning on its promotion heat for trips south of the border.

• **Coach Riders**—Railroads seem to feel the tug on the tourist dollar a little more than the airlines this summer, with volume predictions a shade under 1948. The pinch-trend means economy travel, high on reserved coach rides, low on first-class travel. Moans one passenger agent: "They griped when



they couldn't get roomettes during the war, so we put plenty of luxury space on the road. Now they say they want coach. What d'ya do?"

Railroads are banking heavily on guided, all-expense tours to bolster summer business. For the first time since the war, Union Pacific and Chicago & North Western have re-opened their Dept. of Tours in Chicago.

• **Short Tours**—Travel agents everywhere report more customers, less spent on their tour programs. Thos. Cook & Sons say their domestic tour business is up 9% over last summer; it looks like a record year in numbers of applicants. And American Automobile Assn. says tour reservations are up about 20% over 1948. But A.A.A. points out the trend: Of 11 tours to California and the Canadian Rockies, the shortest and cheapest—a 17-day junket—is taking 50% of the business.

• **Overseas Boom**—Far and away the brightest spot in the tourist-trade picture this summer is overseas travel. Best estimates have it that about 500,000 persons will cross the Atlantic this year for European junkets. That's nearly double the number who went abroad last year and it should set an all-time record; previous high was in the boom year of 1929 when some 325,000 tourists hit Europe's beaches. This year's trans-Atlantic migration should

be a minor Marshall Plan in itself. Tourists are expected to pour about \$800-million into European tills.

Foreign travel is still in a seller's market. Major steamship lines like Cunard White Star, French Line, U. S. Lines, all report tourist classes on Eastbound trips booked solid till around the end of August. First and cabin class bookings are solid to early July, spottily available the rest of the summer.

Return, or westbound, voyages are still tighter. From the end of August through September there's hardly a bunk to be had.

A few new ships on the Atlantic shuttle will ease the space problem somewhat. French Line's new Ile de France is due to join the fleet in late July—capacity about 1,300. Cunard Line's cruise ship Caronia, new this year, is making summer crossings carrying 932. The Home Lines, an Italian-American shipping company, has brought two ships into the tourist shuttle, adding about 35,000 per year to Atlantic carrying capacity.

• **Airlines Full**—But this added tonnage won't nearly take care of the big boost in transport demand. Overseas airlines will handle a big share—far bigger than they did last year. All are scheduling an increased number of flights per week, report almost 100% load factors on transatlantic planes.

## Du Pont in Color

**New film for professional movie projection prints will compete with Kodak and Ansco products; has polymer base.**

Hollywood movie executives this week were getting a peek at a new du Pont color film. The product of years of research, the film has already caused a lively flurry of trade gossip: What sort of competition will it give to established Kodak and Ansco materials?

• **Polymer vs. Gelatin**—Basically the film has one big difference from color movie films now in use: Instead of the usual gelatin, the film has for base a new synthetic polymer. This polymer is slightly cheaper than gelatin, but, more important, it has constant chemical properties—while gelatin, on the other hand, being an animal substance, varies from batch to batch. In the du Pont film, the polymer, which is the binder for the three emulsion layers, also does the work that it takes both gelatin and color dyes to do in other films. That's because the color-forming element in the film is part of the polymer molecule. This characteristic prevents fuzziness around an image, thus makes it sharper.

The new du Pont film can make color prints from three black-and-white separation negatives, of the type now used in Technicolor cameras—or made from Kodachrome or Ansco color film. (It is developed by running through a slightly modified black-and-white developing machine.) But rumors in the photographic trade have it that du Pont researchers are working hard to develop the film to a point where it will be fast enough to use in a camera as a color negative.

• **Commercial Production**—Right now du Pont is only plugging the film for use as the positive print that is released to movie houses. One print of the recent remake of "Little Women" printed on the film has been well received by the trade. Du Pont is turning the film out on a commercial scale at its plant in Parlin, N. J., and will sell it to all comers in the motion-picture industry.

Whatever the competition the new product will offer in the future, film people don't expect it to upset things too much right now. Color movie productions are still but a small percent of the total movie output. And Eastman is credited with furnishing up to 75% of all black-and-white movie film used in Hollywood—even though du Pont has been competing in this market for 20 years.

## Better Statistics for Business

For some time now, the Dept. of Commerce has been looking for a man to improve its business statistics. Last week, the department found him.

He is 46-year-old Louis J. Paradiso, a top-flight economist and statistician. Paradiso worked for Commerce once before, so he knows what figures businessmen need and want.

In a sense, Paradiso has been training for his new job for close to 25 years. After taking a Ph.D. at Cornell, he taught economics and mathematics for a while, then went to work for the government. In 1934, he joined the National Recovery Administration. When NRA folded, he shifted to the National Research Council.

In 1940, Paradiso moved to the Department of Commerce, where for seven years he was head of the Business Structure Division in the Office of Business Economics. There he had the job of preparing indexes that help businessmen understand economic developments.

Two years ago, Paradiso left the government to become vice-president and research director of the Econometric Institute, Inc.—a research company.

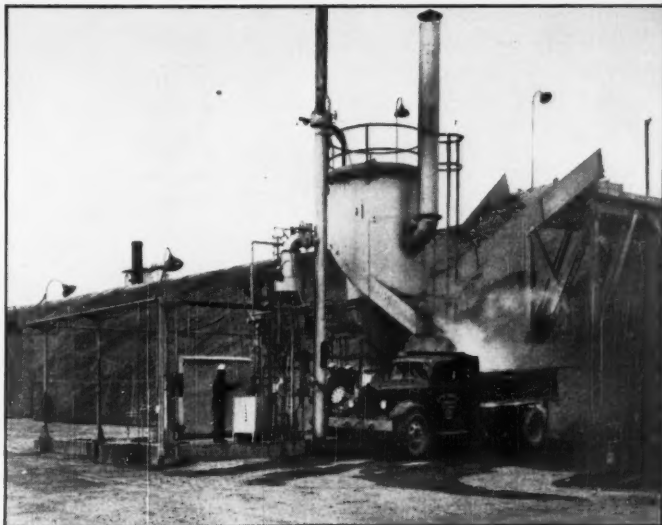
Paradiso will start his new job on June 15. His title will be Assistant to the Director of the Office of Business



Louis J. Paradiso

Economics—for statistics. Among the problems waiting for him are: (1) revision of Commerce's new capital-orders index—potentially a valuable barometer; and (2) analysis of sales and income on a county-by-county basis.





**OIL-SHALE RETORT** pours clinkers into truck, oil into square tank near attendant. Continuous extraction process is the result of Union Oil's experiments in making . . .

## Oil From Shale—Cheaper

High cost must be licked before oil from shale can compete with petroleum products. Union Oil Co. is working with the U. S. Bureau of Mines on shale-processing.

You can count U. S. petroleum reserves in decades or in centuries—depending on whether you include shale oil in your calculations. Colorado alone has some 2,692 sq. mi. of oil shale. A fairly well defined 1,000-sq.-mi. slice of this contains an estimated 300-billion bbl. of oil, or 10 times more than the nation's proved petroleum reserves.

• **Union Oil**—That's why the U. S. Bureau of Mines is conducting its research on oil shale in Colorado, Utah, and Wyoming (BW—Mar. 27 '48, p. 73). That's why several oil companies are working with the bureau there, along with their research into production of synthetic gasoline and oil from coal and natural gas (BW—Jan. 24 '48, p. 21).

And that's why, last week, Union Oil Co. of California was getting ready to move its pilot-plant shale retort from Los Angeles to Rifle, Colo.—the site of the bureau's mine and retort experiments. Bureau technicians concede that Union's retort has the lead over their own models.

• **Cost**—The basic problem is cost. Technically, it's no trick to extract oil from shale. It was done as early as 1838, in France, and today shale-oil industries exist in a number of countries.

Oil shale is a grayish-brown rock holding in its pores a solid substance called

kerogen, which contains hydrocarbons in combination with sulphur, oxygen, and nitrogen. Kerogen isn't exactly an oil, but it can be turned into one by heating to about 850F.

Here are the three things you have to do to get oil out of shale:

**MINE** the shale in huge quantities.

**DRIVE** the oil out of the shale.

**REFINE** the crude oil that comes from the retort into useful products.

But merely doing this isn't enough: You have to find a way of doing it at a cost that will keep the end products competitive with fuels derived from petroleum.

Where does oil-shale research stand today? Oil men got a pretty good overall picture at the midyear meeting of the Independent Petroleum Assn. of America in New Orleans last month. It came from two of the top technical men at the bureau's oil-shale plant at Rifle—Boyd Guthrie, chief, and Russell J. Cameron, chemical engineer.

• **Mining**—Unique methods developed by the bureau have already reduced shale production costs to around 50¢ a ton.

The test mine is in a shale bed 70 ft. to 110 ft. thick, buried under 500 ft. to 800 ft. of overburden. The mining

method used is the so-called room-and-pillar technique: 60-ft. rooms with 60-ft. square pillars of shale left in place to support the mountain overhead.

Mining experts are looking toward production of 100 tons of shale per man per shift; present rate is 56 tons. This high production is achieved through such devices as truck-mounted drills, and big electric shovels.

• **Retorting**—With the mining problem well along toward solution, engineers are devoting increasing attention to the second problem: driving the oil out of the shale.

Two general methods of retorting are under study. In one, a hot gas is passed through a bed of broken shale; the heat breaks down the kerogen, and the heating gas carries the oil to condensers for recovery. Other products are relatively stable gases and a cokelike residue; this residue can be burned to provide the heat needed for the process. This, basically, is the method employed in the experimental retorts built by Union Oil and the Bureau of Mines.

A second method is under study by Standard Oil Development Co. at Baton Rouge, La. (BW—Nov. 13 '48, p. 60). This employs the fluidized-solids technique so widely used in petroleum refining.

To be economically feasible, retorts must work on a continuous basis; batch retorting is too slow and costly. For 15,000 tons of shale daily would have to be handled to supply enough crude shale oil for a 10,000-bbl.-per-day refinery—which is rather small as modern refineries go (Union Oil's retort handles only 50 tons of shale a day).

• **Refining**—Shale oil can't be refined by conventional methods. It has too many unwanted elements—nitrogen, sulphur, oxygen—that must be removed. It has too few hydrogen atoms in relation to carbon atoms.

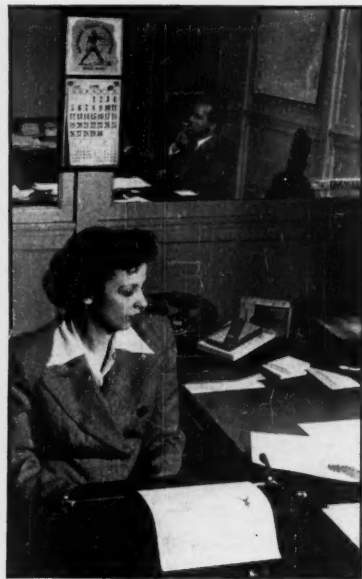
One way to lick the problem is through hydrogenation, a process familiar to the vegetable-oil industry and others. It turns out an oil roughly comparable to high-grade petroleum crude. But it's too expensive, so researchers must find a way to cut hydrogenation costs—or to bypass the step entirely.

Guthrie and his associates are working on this problem right now, with the aid of oil-industry researchers. The scientists' hope is to retort the oil shale in such a way that it will yield oils "which can be refined into high-quality products using conventional refining methods"—as Guthrie and Cameron put it.

• **The Answer?**—Union Oil Co.'s new continuous retort may provide part of the answer here. At least, Dr. Clyde Berg, who led Union's research work on the retort, thinks it can. With a relatively slight degree of refining, he contends, some 85% of the retorted oil can be turned into diesel fuel or household fuel oil.



**1** "One-write" system of handling insurance policies is shown by National Surety Corp.'s office-methods expert, Thomas Ekland. Key to system is a parchment sheet (left, underneath). It's mailed to head office, serves as printing plate

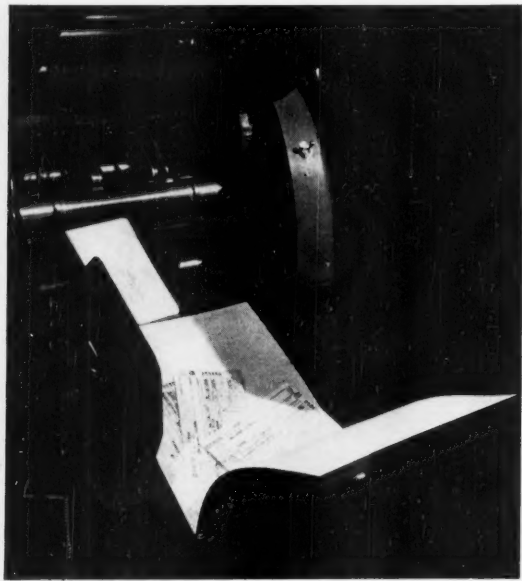


**2** In field, agent's secretary types application (one carbon copy is parchment sheet). This is only typing in handling policy

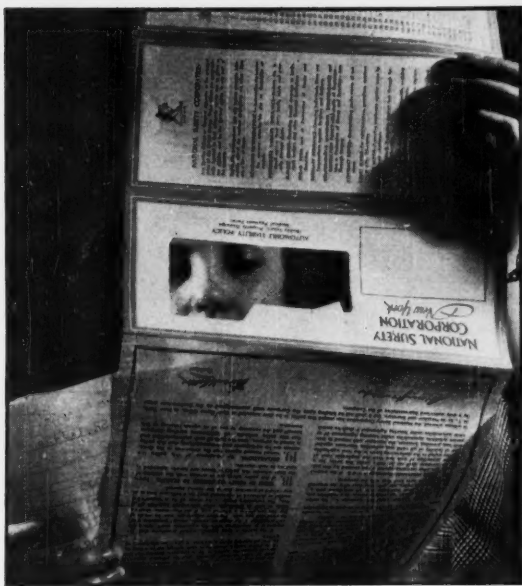
## New System



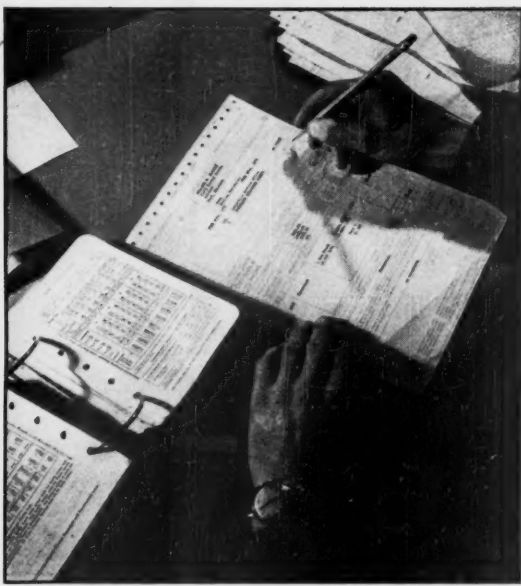
**5** Parchment plate is put on Addressograph-Multigraph offset press. File jacket and cards for various records are printed from it. Cards vary in size to pick up desired information



**6** Cards drop from press into jacket. After the short run, plate is changed fast to process another policy. One machine now handles three plates (making records for three policies) in a minute



**3** The secretary encloses the application inside the policy contract, mails it to the insured. Contract forms an envelope, with window section through which insured's name and address are visible



**4** At the home office, underwriter reviews the parchment "plate," initials it in pencil. Then accountant pencils in commission rates. This plate is only document the home office gets

## Saves Time and Money in Office Work

National Surety Corp. is chopping away at traditional methods to cut down its costs of writing insurance policies.

• **For Burglary**—This week National Surety (a subsidiary of C.I.T. Finance Corp.) sent to the printer a new kind of burglary-policy form—the "one-write" policy.

The company has been trying a similar form (pictures) for about a year in its automobile-insurance business, which makes up only a small part of its total volume. It plans to change all its insurance lines over to the "one-write" system by the end of 1949.

• **Business Stimulant**—The new system means more than savings in office costs. If National's experience with auto insurance follows through with other lines, it will bring more business.

Reason: Most agents and all brokers in property insurance deal with several companies. The labor-saving features National has introduced in the "one-write" form means less work for the agent's or broker's secretary. And often she is the one who decides which company gets the business her boss writes.

National Surety, a newcomer in the automobile field, used to print up about 10,000 auto forms a year. But since the new form came in it has been printing them at the rate of 60,000 a year. Na-

tional doesn't attribute this to the new form alone; it has been putting on a drive to get auto-insurance business. But it's sure the form has been a big help.

• **The System**—Here's how the new form saves labor:

It comes in letter-size, with carbon paper and sheets for copies all fastened together in one set. The top (directly typed) sheet is the application (known to casualty-insurance men as the "declaration," because it is a declaration of facts by the insured). For ease of handling, it's separate from the standard contract form, into which it is folded. No typing is necessary on the standard contract.

The spaces for information on the form are properly spaced vertically and horizontally to save the typist's time.

• **To Home Office**—When the agent's typist has filled in the application form, the policy requires no more typing to be processed through the company's home office. The original goes to the insured as part of his policy. Several carbon copies stay in the agent's office. One carbon copy is on a special parchment that is really an offset printing plate. It looks like a sheet of paper, can be folded without creasing. This parchment plate is all that the agent sends to National's home office in New York. It was adapted for

National's use with the help of Replica Products Corp., of New York City.

After it arrives in the home office, the plate is reviewed by an underwriter. Notations of commissions are penciled in. Then it goes into a specially designed offset press, made by Addressograph-Multigraph Corp., of Cleveland. From the plate a file jacket and several record cards for the use of different departments are printed.

The cards are different in size for different record files. And they are printed from various parts of the plate that have the information for records of various purposes.

• **More Uses**—Thomas C. Ekeland, head of National's office-methods department, who developed the "one-write" system, sees the savings of time, typing personnel, and errors in policy-processing as only the beginning.

As soon as all lines are shifted over to the new system, National expects to use it for billing. Eventually, the company hopes, it can reduce processing further by printing a renewal certificate from the original plate. Only the date, and perhaps the rate, would have to be changed at renewal time.

Neither Ekeland nor National has any patents or copyrights on the system.

# EXECUTIVE OPINION



"I don't believe in spending money to establish your place in a medium"



"Yes, it will draw some money away from radio . . ."



"... Terrific investment, terrific overhead. Television is not like radio"



TELEVISION:

## "... Show It and Show It in Use"

Ben Duffy of B.B.D.&O. says TV can already pay off for the advertiser, is sure to hurt radio.

Almost everyone has some sort of decision to make about television: Shall I buy a set? Should I down my martini in a bar & grill with—or without—television?

For businessmen, the question is more likely to be: Shall I channel a few dollars into television advertising?

Once an advertiser decides to take the TV plunge, he's just entering a big unknown ocean. To get a few soundings, *BUSINESS WEEK* talked to lean, dapper Bernard Cornelius Duffy—Ben Duffy to advertising row—president of the New York advertising agency of Batten, Barton, Durstine & Osborn. Unlike many another agency president, Duffy came up through the media side.

**BW:** How much of your business is television now in the agency here?

**DUFFY:** Right now, the way television is, there are certain restrictions on the amount of money you can spend. The billing doesn't indicate the significance of the medium.

I think it is safe to say now that about 80% of my time . . . as divided between radio and television . . . 80% of it is spent on television as opposed to radio.

**BW:** Does your entire radio-television

staff spend 80% of its time on television?

**DUFFY:** We have a separate television setup. We have a group out here that I would say is too big right now for the billing.

**BW:** It is pretty much loss business for the agency?

**DUFFY:** Oh, no. It's getting now to the point where billing is significant enough so that an agency like ours ought to be able to carry its costs. A year ago it was . . . naturally . . . a loss,



## Could you use him in your office?

The skillful pitcher would help you a lot—if baseball were your business.

But, in *any* business, other skills are vital.

That's why we remind you, now and then, about the Comptometer operator.

The Comptometer is an exceedingly fast adding-calculating machine. A remarkable ease of operation is one of its many features. (Anybody—with a few minutes' instruction—can use the Comptometer.) But, naturally, only an experienced operator can reap the efficiency this lightning-fast machine is capable of.



B. W. AYER & SON

Throughout the world, 145 Company owned and operated schools train thousands of Comptometer operators a year. When these men or women go into action, Comptometer Brand Adding-Calculating Machines conquer figure work with amazing speed. We invite you to investigate the economies that result, the man-hours saved, by the swift, accurate output this machine insures. Your nearest Comptometer representative will be glad to demonstrate.

### COMPTOMETER REG. U. S. PAT. OFF. ADDING-CALCULATING MACHINES

Made only by Felt & Tarrant Manufacturing Co., Chicago, and sold exclusively by its Comptometer Division, 1755 N. Paulina Street, Chicago 22, Illinois.

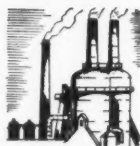
To cut office overhead, we recommend our Peg-Board Plan. Used with the Comptometer, this money-saving method (with dozens of accounting uses) makes original postings yield final results!





## This River of Stone Never Stops Flowing!

*Hour after hour . . . day after day . . . a steady, river-like stream of limestone flows to the hungry blast furnaces of a busy steel mill. 450 tons an hour move steadily and smoothly . . . never hesitating . . . never stopping, in the continuous current that is characteristic of materials carried by Rex Belt Conveyors.*



Increasing production capacity . . . cutting costs . . . releasing countless man-hours for other important productive tasks . . . all these are basic functions performed by Rex Belt Conveyors. For belt conveyors are the moving pathways through which industry can simplify and better coordinate its various problems of bulk materials-handling.

The ability of these Rex Belt Conveyors and the other types of standard and special Rex Conveyors to handle more materials . . . at lower cost . . . with greater speed, can assist industry to achieve maximum efficiency at minimum cost and effort. Found-

dries, factories, steel mills, chemical plants, mines, quarries . . . virtually every type and size of industrial operation will find Rex Conveyors a big aid in increasing their production.

In addition to Rex Conveyors, the complete line of Chain Belt Company products includes every type of sprocket chain for the positive transmission of power, timing of operations, and conveying of materials . . . construction equipment for the economical mixing, hauling and placing of concrete and the moving of water and other liquids . . . and specialized sanitation and food processing equipment.

## CHAIN BELT COMPANY OF MILWAUKEE

SPROCKET CHAINS • CONVEYORS • SEWAGE, WATER TREATMENT AND  
SPECIAL PROCESSING EQUIPMENT • CONSTRUCTION MACHINERY



"There are enough television sets right now to create that impact"

a big loss. Looking ahead this fall, when we will be in it in a much bigger way, I would say television should begin to pull its own weight.

**BW:** In the agency, that is?

**DUFFY:** Yes, in the agency.

**BW:** As an industry it's not going to pull its own weight for a little while yet, is it?

**DUFFY:** Well, the networks tell me that every time they sell a time period they lose more money, but . . .

**BW:** You take that with a grain of salt?

**DUFFY:** No, they have terrific investments, terrific overhead. Television is not like radio, where you just set up a station and let someone get up and read a news announcement or play records.

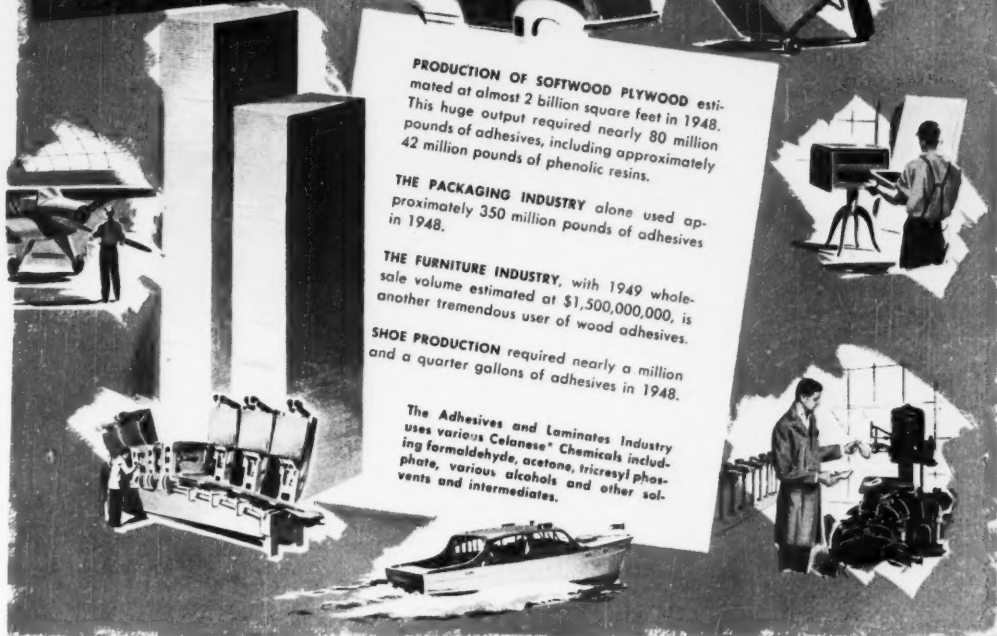
**BW:** How about the advertiser? Is he still spending money just to establish his place in television?

**DUFFY:** Not now. I don't believe in that theory of spending money to establish your place in a medium or in a business. The advertisers who used the radio at the beginning are not the advertisers . . . the big radio advertisers . . . of today. Big radio advertisers, as they came along, took advantage of the medium after it was developed and it was ripe. Smart advertisers do that. The advertisers who have widespread distribution will buy it. But not to hold a position. . . . They will buy television as a medium to sell merchandise . . . and there are enough television sets right now to create that impact.

**BW:** What kind of market are you reaching there? Some people say it's a high-income market, some say it's low.

**DUFFY:** There are figures of course. The significant thing, however, is that when Milton Berle, for example, has a

## INTERESTING FACTS ABOUT THE ADHESIVES AND LAMINATES INDUSTRY



**PRODUCTION OF SOFTWOOD PLYWOOD** estimated at almost 2 billion square feet in 1948. This huge output required nearly 80 million pounds of adhesives, including approximately 42 million pounds of phenolic resins.

**THE PACKAGING INDUSTRY** alone used approximately 350 million pounds of adhesives in 1948.

**THE FURNITURE INDUSTRY**, with 1949 wholesale volume estimated at \$1,500,000,000, is another tremendous user of wood adhesives.

**SHOE PRODUCTION** required nearly a million and a quarter gallons of adhesives in 1948.

The Adhesives and Laminates Industry uses various Celanese® Chemicals including formaldehyde, acetone, tricresyl phosphate, various alcohols and other solvents and intermediates.

## Principal advantages offered by Celanese Chemicals to the Adhesives and Laminates Industry

Customers of the Chemical Division of Celanese Corporation of America in the adhesives and laminates industry profit from a number of important advantages:

### PIONEERING RESEARCH IN PETROLEUM CHEMISTRY

Celanese has a record of over sixteen years' research leadership in this modern field. This, coupled with advanced laboratory and pilot plant facilities, provides valuable technical assistance to customers and an ever-increasing stream of new organic chemicals for industry.

### PRIMARY PRODUCER OF ORGANIC CHEMICALS

With modern equipment and advanced processes, the Celanese chemical plant

is one of the country's largest for synthesizing organic chemicals from petroleum natural gases. Strategic location near Bishop, Texas—in the heart of the oil fields—affords Celanese excellent control of basic raw materials.

### NATION-WIDE SERVICE AND DISTRIBUTION

Celanese offers the adhesives and laminates industry valuable technical service on organic chemicals. Choice of transportation by rail, water or truck is provided. Bulk storage of chemicals is maintained at strategic locations, with distributor warehouse facilities at major industrial points.

These favorable factors provide continuity of supply of high quality chemi-

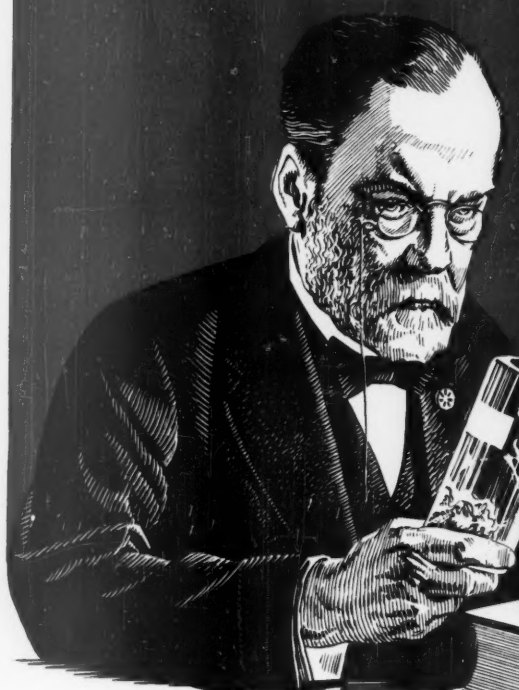
cals, both now and for the future. The record of Celanese Corporation in all three major fields of operation—chemicals, textiles and plastics—has been one of greater volume and lowered prices through production efficiency.

CELANESE CORPORATION OF AMERICA  
Chemical Division  
180 Madison Avenue, New York 16



\*Reg. U. S. Pat. Off.

ALCOHOLS ALDEHYDES GLYCOLS KETONES ACIDS SOLVENTS PLASTICIZERS



# Pasteur stopped a bug

HE PROVED to the world that sterilization prevents the spread of infection and that the heating of milk kills harmful bacteria. His single interest advanced medical science in the fight against disease.

We, too, have a single interest . . . advanced instrumentation for industry. Instruments and controls that maintain the flow of production. If any process or machine can be measured, controlled or guided by an instrument . . . we'd like to tackle the job!

No matter what you make . . . or whatever your process may be . . . we believe we can help you do it better, faster and at lower cost.

Brown takes over the entire responsibility . . . from engineering and application advice to installation and service, so long as our instruments are at work for you.

If you or your people would like to know what Brown is doing for continuous processing in your field, we'll be glad to show you.

MINNEAPOLIS-HONEYWELL REGULATOR CO.  
BROWN INSTRUMENTS DIVISION  
Philadelphia 44, Pa.

Offices in principal cities of the United States, Canada and throughout the world



Honeywell

Advanced Instrumentation  
AND CONTROL

BROWN



"You can ride up on an elevator and find the elevator man talking about it"

good show, or says something unusual on his show, something that's funny, the next day you can ride up on an elevator and find the elevator man talking about it. It reminds me of the days of the old Ed Wynn Texaco program.

Well, today, Milton Berle is Mr. Television so far, and the people you hear talking about his program are not people in the high-income groups.

**BW:** Then you wouldn't aim a class product at any more than a mass product?

**DUFFY:** No. I would say that for both it has the advantage that you can show your product. You can show it and show it in use; and one of the first things we learn in advertising is to show the product and show it in use. Show a man pouring a can of Zerone into the system of his automobile—that draws greater readership than just a can of Zerone or just the man himself.

**BW:** Is that advantage strong enough so that, despite the still comparatively limited audience, a dollar spent on television advertising has the same marketing power as does the dollar spent on radio or newspaper or magazine, or any other medium?

**DUFFY:** Some dollars spent on television will not; but, by the same token, some dollars spent on radio—even now—will not. A dollar ingeniously or well spent in television will have to bring more returns; otherwise it wouldn't be a good investment. I do say that our expenditures for television today are in terms of trying to get back a better sales volume for the money spent.

**BW:** As the audience gets larger, is that going to start drawing money away from other advertising media?

**DUFFY:** That has not been the history of new media. I am frank to say

that television is directly competitive with radio, and I think that . . . yes, it will draw some money away from radio.

**BW:** Will it actually put radio out of business?

**DUFFY:** I don't think that it will put radio out of business entirely. It may make night-time radio less attractive; it may take away some of the fringe stations, the marginal groups that are always the ones hit.

**BW:** How is daytime television doing?

**DUFFY:** Just fair. The opportunity to judge it has not been given us yet; it hasn't been on long enough. I don't think that television is necessarily a night-time medium.

**BW:** Do you think many people are going to stop what they're doing and sit and look at a television screen in the day time?

**DUFFY:** Some years ago I wrote a book and in it I mentioned that newspaper circulation has increased in the last thirty years to the highest figure it has ever been; magazine reading has increased; and thirty years ago we didn't have radio, as we think of it today. So when you say, is a woman going to stop, I'd say: They are finding ways of doing it . . . and don't ask me what they did with their time thirty years ago. I don't know. All I can say is that in my own home I find that Mrs. Duffy is telling me now that she stops to look at certain television programs in the afternoon.

**BW:** Television is going to draw from radio, you think. Is it going to draw also from other media? If they have to put this heavy money into television are they going to have to cut down somewhere else?

**DUFFY:** Well, somebody along the line has to suffer. I mean that if an advertiser says, "I'll spend a set percentage of my sales for advertising," and then a new medium comes along that is taking a large part of his appropriation, someone is going to suffer.

But let's look at what television could conceivably do: Before radio came along no one ever suspected that we'd be selling the number of automobiles we are today, the number of cigarettes, tooth paste, and things of that type. Conceivably television could increase sales to the point where the extra expenditure would be economical.

**BW:** There were cases like that with radio. . . .

**DUFFY:** That's right. I know one radio advertiser who bought a program years ago . . . in the early days of radio this was . . . and he never thought that the mass market as such was a good market for his product, yet he found that people on the lower East Side were beginning to buy his products. He found that in using radio he covered a

**"WE INSTALLED WEBSTER BASEBOARD HEATING IN OUR RESIDENCE IN 1947. THE SYSTEM OPERATED THE FULL HEATING SEASON OF 1947 AND 1948. WE ARE MORE THAN PLEASED WITH THE COMFORT AND CLEANLINESS OF WEBSTER BASEBOARD HEATING..."**



Residence of Wray M. Scott, Omaha, Nebraska.

Wray M. Scott, President and Treasurer of Wray M. Scott, Inc., leading Omaha, Nebraska, heating contractor, makes a practice of testing new developments in heating.

In 1947, he installed Webster Baseboard Heating in the living room, dining room, bedrooms, hall and stair landing of his home. We reproduce above an excerpt from Mr. Scott's letter giving his conclusions.

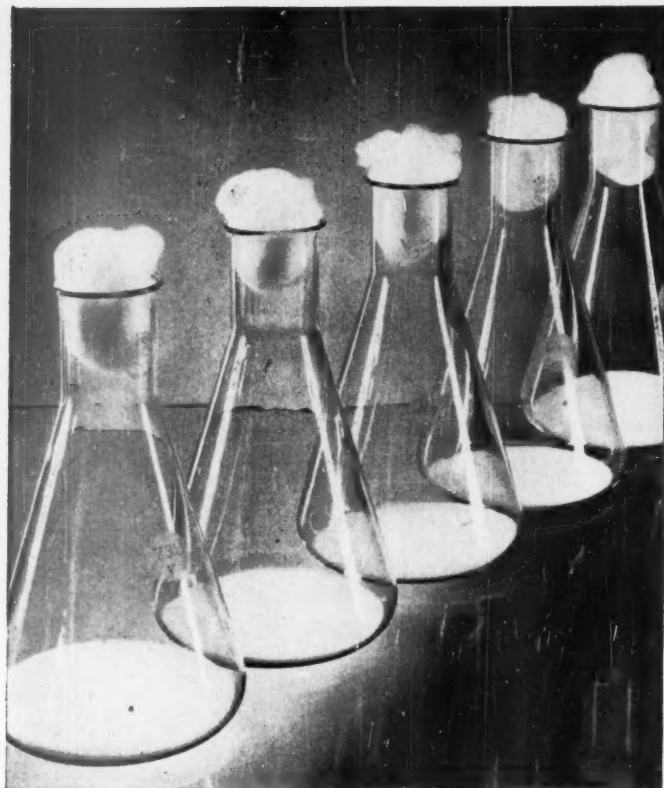
Hundreds of home owners have had similar satisfactory experience with Webster Baseboard Heating. Leading heating contractors have installed it.

If you are planning on building or buying a new home, let us give you the facts about Webster Baseboard Heating. The Webster Representative in your locality will be glad to furnish further details.

Address Dept. BW-6

**WARREN WEBSTER & CO.**  
Camden, N.J. : Representatives In Principal Cities  
In Canada, Darling Brothers, Limited, Montreal

**Webster**  
**BASEBOARD**  
**HEATING**



## You can't feed Penicillin any old Whey!

Whey—a once worthless by-product of the cheese industry—is recognized today as a topnotch diet for penicillin mold.

But it must be carefully processed. To make it suitable for the finicky mold's appetite, lactose crystals must be developed in the whey. And for this, controlled heat and controlled cooling are essential.

So a Wisconsin whey-maker brought Trane equipment into the picture.

Result? A Trane Compressor chills water which is circulated around the processing vats for the proper cooling. Then reliable Trane Heating Coils provide the accurate heat necessary to dry the delicate crystals properly...

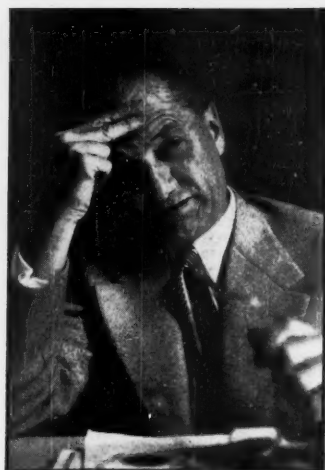
...Which makes it possible for billions of units of needed penicillin to wax hearty and hale. Score another for Trane equipment—the same equipment that makes air more usable, more comfortable, more efficient, in thousands of stores, offices, plants.

Perhaps you, too, have an air problem. If so, it will pay you to remember Trane. Trane engineers know air. How to heat it, cool it, dry it, humidify it, clean it, or move it. Your local Trane office will be glad to work with your own architect, engineer or contractor.

THE TRANE COMPANY • LA CROSSE, WISCONSIN  
TRANE COMPANY OF CANADA LTD., TORONTO



MANUFACTURING ENGINEERS OF HEATING AND AIR CONDITIONING EQUIPMENT • OFFICES IN 75 CITIES



"Should advertising be criticized because it makes people brush their teeth?"

market which he never suspected would give him sales. Now television could conceivably do the same thing. It could possibly make a woman who never enjoyed the advantages of a dishwasher want a dishwashing machine, and she's going to find a way of getting it. That's all I say—you sell them the idea... put it in their heads... and they'll find a way of getting it.

**BW:** Sort of a vicious circle. Television makes her get a dishwasher; then she has more time to watch the television.

**DUFFY:** That's what makes our country great. It's true that it could be a vicious circle in a sense... though I don't think that advertising should be criticized because it makes people brush their teeth three times a day, or makes a woman want a dishwashing machine.

**BW:** Are any of your own clients spending enough on television to represent a substantial portion of their budget?

**DUFFY:** Oh, yes.

**BW:** What are they doing about that? Are they taking the money out of somewhere else?

**DUFFY:** In one case, yes, and, frankly, it came out of radio; in another case it's extra money. We have many clients experimenting with television in a modest way... that is with extra money. We have another client who put aside a special budget, over and above his appropriation this year, for television. And that's what I mean—if that budget works, if it increases sales, that will always remain as extra money. But the other media won't lose anything, they won't suffer.

**BW:** They aren't particularly tackling it from this point of view: I can do this same kind of thing in television...



say, I can get a picture in television, so I can eliminate some other medium that needs a big display picture?

**DUFFY:** They can't do that yet, because television hasn't got the scope in terms of coverage; they couldn't, for example, cut out a network radio show and put all that money in television and expect to do the same job, from a coverage standpoint. But say that they have two radio programs on, they can cut down maybe one of them and use the other money for a television show.

**BW:** Or, if they have something and they're not quite sure of its drawing power, anyway, they'll chop it.

**DUFFY:** Yes. Although what I'm trying not to say here is that there is any formula for getting money for television. I know of no two advertisers who have approached the television expenditure in the same way, and getting it from the same source.

**BW:** When somebody comes to you and says I want to get into television, do you rig up the show for them, do you get the talent, etc.—or do you buy a package from a network?

**DUFFY:** The customary way is to go out and get the best show you can get. Now, in some cases it's a package show. In some cases it's developed. In some cases it may be a minute spot that we would develop for the advertiser in the same way as we use spots on radio.

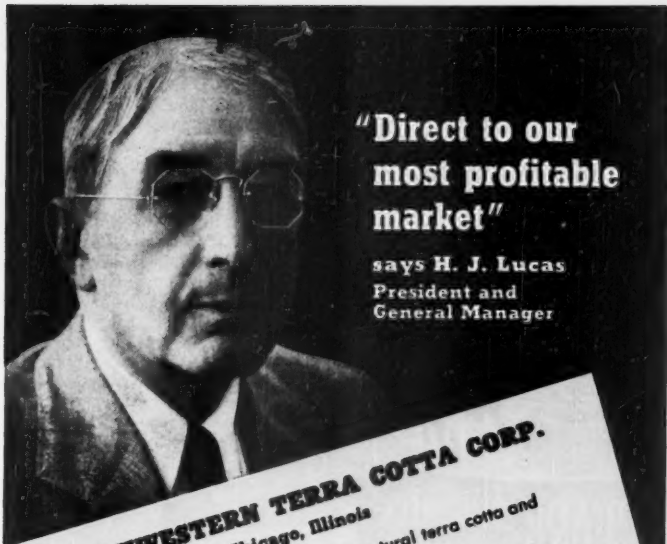
But let's assume that we want a show for television, a network show. No. 1, we have to know how much money they have to spend. He says, "Well, I'll spend as much as I need to get a good show." Well, that gives us a lot of latitude. Really it does. We have had people say that. Then we try to analyze it just the same as we would radio. We will buy a package if that is the best way of doing it. That's what we're doing on radio. . . . A high percentage of our business is package shows that we go out and buy. I think that on television many of the shows are going to be sold that way, even more than on radio at the beginning.

**BW:** It costs more, even now.

**DUFFY:** The television costs for production are such that you have to say: This is going to cost you \$10,000 a week, \$5,000 a week, or \$3,800 a week . . . there are some wonderful shows that you can buy even under \$5,000. I mention time and again this show, the Goldbergs, an excellent television show and still within the reach of most advertisers' talent budgets.

**BW:** Of course, if you get into a variety show with a big cast. . . .

**DUFFY:** You hear figures . . . and I can't quote anybody's program because that isn't my business . . . but you'll hear somebody say such and such a program cost \$10,000 a week for talent, or \$15,000 a week for talent. Well, tele-



**"Direct to our most profitable market"**

**says H. J. Lucas  
President and  
General Manager**

**NORTHWESTERN TERRA COTTA CORP.**  
Chicago, Illinois

Manufacturers of high quality architectural terra cotta and other ceramic products

"For more than a quarter of a century, we have used Dodge Reports as a key factor in our sales programs. Benefits are two-fold: (1) Dodge Reports enable us to set up intelligent controls of our agent potentials, and (2) Dodge Reports are a continuous source of daily information that speeds our agents direct to our most profitable market. We regard Dodge Reports as a 'blueprint' for successful selling."

No. 9 in a series from the Dodge Case Record file

**D**ODGE REPORTS identify and select your prospects. You make your choice of —

- ☒ **AREA** you want to cover — select by county, state or marketing area.
- ☒ **KIND** of construction — select any of the 41 types of construction.
- ☒ **VALUATION** — select the minimum in which you are interested.
- ☒ **STAGES** of development — select those in which you can do business.

For further facts on how Dodge Reports can help you, address Department "F".



**DODGE REPORTS**

CONSTRUCTION NEWS DIVISION  
**F. W. DODGE CORPORATION**  
119 West 40th Street, New York 18, N. Y.

Daily construction news coverage in all states part of the Rockwell-Courtesy, helpful Dodge Men in all principal cities



## CLARK "ROUGHNECK" PUSH BUTTON

### is BUILT to TAKE IT!

This squat and sturdy CLARK Push Button is designed for operation under abuse. Heavy, smooth cast enclosure and mushroom head are rounded and sloped so that severe blows from tongs, foot or fist glance off harmlessly. Large bearing area prevents off-center blows from rocking station on its base. Impact shock is absorbed by shoulder of enclosure and not by insulating material or switch contacts. Responds equally well to gentle treatment. Can be used as a Foot Switch. Also available with guard ring to prevent accidental operation.



### FEATURES

- Heavy duty type "D" Push Button Element.
- Double Break, Silver-to-Silver Contacts.
- Large Electrical Clearances.
- Bakelite Insulating Parts.
- Screwdriver removes and replaces all parts.
- Suitable for floor or wall mounting.
- 3 inch Metal Mushroom Head.

Write for Bulletin 100 Type RN



vision is only a few years of age. In the very early days of radio if anybody went out and put on that kind of program you'd think they had a hole in their head.

**BW:** You were saying that you had a big television staff in your agency. Do you find that you are hiring people with radio experience primarily, or is it different enough from radio that you draw from the theater, copy writers?

**DUFFY:** Well, it's close enough to radio to draw from radio. At the beginning a lot of people thought the moving-picture industry was going to move in on it and that we'd have to have that type of operation. But I think we have to go too fast for them . . . we don't have the time, rehearsal time and everything. So we've had more luck with the theory—get the experience yourself by going out and doing it the hard way and profit by your mistakes. In the final analysis, the TV directors and producers are going to grow up exactly the way the radio producers and directors did.

**BW:** They're not going to come from any particular industry. . . .

**DUFFY:** They are going to come from different sources. A man could be a lawyer and still have a knack of doing something so that he would make a good director . . . the head of our Radio Department is the son of Arthur Pryor, the band leader, and he led the band himself, Arthur Pryor, Jr.

I think the key people in radio, fellows like Jack Benny, I think they can go into television and become important television personalities because they are basically showmen.

**BW:** The same way that many of them have gone back and forth between radio and the movies.

**DUFFY:** That's right, or radio and the stage, or the movies and legitimate stage. It's basically the same kind of medium . . . you take a smart man on radio he can also be a smart man on television.

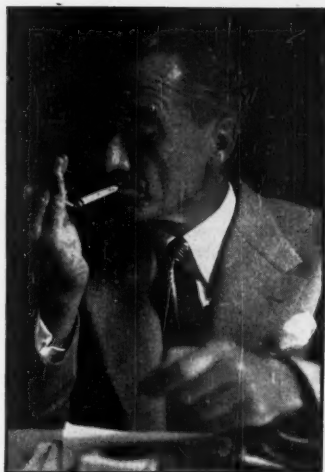
**BW:** What about the live show vs. the film on television?

**DUFFY:** I happen to be a live man. I am a great believer in the live show. I think the spontaneity of action is what people expect.

**BW:** The unexpected happens. . . .

**DUFFY:** Yes, you listen to some of the television shows and sometimes the things that happen weren't in the script . . . little accidents on the stage . . . the Berle show where the girl came out to take a bow and she fell.

In the beginning a lot of people said the movies were going to move in, because it's the only way you can do it. Well, in the short period of time that television has been in existence, we have proved that it is not the only way you can do it—you can have some wonderful live shows. The ideal in many



This is going to cost you \$10,000 a week, \$5,000 a week, or \$3,800 a week"

cases is a combination of movies or kinescope, especially in the dramatic sequence . . . where you show a man walking out the door alive, and then you go into movie where he follows out to his car and gets in and goes down the road. Right now on some large shows I defy you to tell where the live leaves off and the movie picks up.

**BW:** So you don't look for Hollywood to become a dominant factor in this television?

**DUFFY:** Absolutely not. In the first place you don't have the money to work with. They can afford to make a lot of errors out there that we can't. I think Hollywood eventually may take a lesson from the speed with which you have to put on a television show. Some of these dramatic shows that I'm talking about on television run for a half hour or hour period . . . not too much shorter than a movie that may take eight weeks to two months to make. These are live shows.

**BW:** In the matter of commercials, what do you personally favor—integrated commercials where Berle just goes into a sell and kicks it around a little bit or do you think there ought to be a break . . . there's the commercial . . . and here's the comedian back again?

**DUFFY:** Well, an integrated commercial is good if you have the vehicle to put it in. It may be hard to put an integrated commercial in a dramatic show for example. Another thing is what we want to say in our commercial. There are some products and some shows which could easily be adapted to an integrated commercial, but are messages of the type that we don't want to make an integrated commercial. . . .

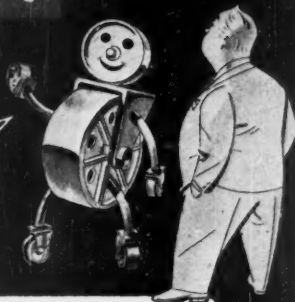
**BW:** Where you want to keep very dignified. . . .



**Look, Mr. Executive!**

**A Cost-Saving Colson Truck**

**For Every Business—Every Need**



Trucks, trucks, trucks!—All kinds to meet both standard and special materials-handling needs. Trucks for Department Stores, Hospitals, Industry, Railroad Terminals, Warehouses, Office Buildings—all precision-built Colson trucks have that roll-easy, float-along quality that makes light of heavy loads.

Economy minded? Here's a suggestion:

at very small cost you can give your old rolling stock new cost-cutting efficiency by replacing old worn out casters with new Colsons. Our engineers are glad to help you pick the right equipment to meet your needs... exactly.

Write us or consult the yellow pages of your phone book for the local Colson office.

**THE COLSON CORPORATION**

ELYRIA, OHIO

CASTERS • INDUSTRIAL TRUCKS AND PLATFORMS • LIFT-JACK SYSTEMS • BICYCLES • CHILDREN'S VEHICLES  
WHEEL CHAIRS • WHEEL STRETCHERS • INHALATORS • TRAY TRUCKS • DISH TRUCKS • INSTRUMENT TABLES

# PUTS PEP IN EVERY (PRODUCTION) STEP



FRESH, COOL  
WATER BUOYS UP  
SUMMER  
SPIRITS

KEY TO JOB  
HARMONY AND  
EFFICIENCY—G-E  
COOLERS



HEAP  
CHEAP

RUNS ON A  
FEW PENNIES  
A DAY



MOVING PARTS  
STEEL-SEALED  
AGAINST DUST  
AND MOISTURE



DON'T FORGET  
G-E MAKES BOTTLE  
TYPE MODELS,  
TOO



M-M-M! EASY  
ON THE EYES



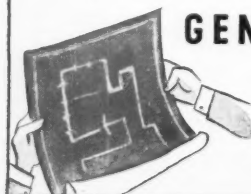
NOTHING TO  
HANDLE —  
TOE-TAP



## Water Coolers

### GENERAL ELECTRIC

**SURVEY OF YOUR NEEDS.** G-E Dealer (see "water coolers" in your Classified Directory) will survey your plant or office without obligation... For booklet write General Electric Company, Department BW-10, Bloomfield, N. J.



"You take a smart man on radio he can also be a smart man on television"

**DUFFY:** That's right, yes, that's right.

**BW:** Institutional stuff. . . .

**DUFFY:** Yes, and I should mention this. You may need film if you have a product that you want to show in use. If it's a question of using that product and doing it right, you can't afford to have it go wrong . . . and we've had enough cases on television already. Sometimes if you're opening a can of something, or if you're dumping something out, you could knock the glass over or you could do something that would make that commercial n.g. with a lot of giggles from the audience. . . .

**BW:** Are there classes of products which are particularly adaptable to sale on television and classes which aren't?

**DUFFY:** I can't visualize any product not being good on television. What have you got? You've got sight and sound. If the product is good visually, then television is good. If the product is good through the ear then television is good.

**BW:** What about intangibles—stocks, bonds, insurance, real estate?

**DUFFY:** You could show an insurance man come into a person's home, for example, and talk to the family or the husband about insurance.

**BW:** You think it would have more punch than printed words or. . . .

**DUFFY:** That's what I say, you combine. If sight is good, and sound is good . . . and those are the two basic elements we use in selling . . . to show your product and talk about it . . . television combines both. I don't know of anything that you can't sell on television that you can sell by other ways.

**BW:** Probably for some industrial product. . . .



**DUFFY:** That might not need the circulation. If you have a market that you just want to hit a segment of, then you wouldn't buy television. Why buy a large network in order to reach a few? It's the same problem on radio . . . we run up against the same thing if you have a very thin market.

**BW:** Is that combined pull of television going to compete strongly with the individual salesman?

**DUFFY:** I never heard that question asked before, but I think it's a good one. I think what you're saying is . . . if I get it right . . . could television have the impact of personalized selling that would cause you to go to your corner grocery store or drug store and ask for the product . . . a demand item . . . to the point where the salesman doesn't have to call on the store?

**BW:** I was also wondering . . . as compared with the door-to-door vacuum cleaner salesman or whatever. . . .

**DUFFY:** I think it would make it pretty tough for him. Yes, I do. I believe that television, properly used by a vacuum cleaner advertiser, coming in a home, say, every week, has a greater entree in that home than a door-to-door salesman who may hit that home once a year. That makes his job a little tougher.

**BW:** And he may also find that his boss figures he doesn't need as many salesmen.

**DUFFY:** That's right. On the growth of television, we made a survey of key people. . . .

**BW:** I've seen it. As I recall, 70% of them thought that at least by 1954 television would be way beyond radio.

**DUFFY:** There again they didn't mean the number of sets owned. I think they meant the significance of it as a medium. . . .

**BW:** The sales impact. . . .

**DUFFY:** That's right. It's the old story. I could take a magazine . . . I have done it, I could show results . . . a magazine with 2-million circulation, and I'd take another with 300,000 and by advertising a certain type of product the one with a circulation of 300,000 will sell merchandise at a lower cost. It's not the number, it's the impact on it.

I think that's what they meant, anyhow; but I think you'll find this fall that television is really going to start clicking—then you'll see some real programs.

**BW:** And real money, too, I guess.

**DUFFY:** Yes, the real money. Now television has become bigger, names are coming . . . with people like Jack Benny, with key radio people moving in, it can't help but grow. When you get those stars on the air then you're going to have more people who will want to buy sets, and, as you said, then the circle starts all over again.

Although durable goods prices  
have risen 95% since 1938\*



the price of Royal, the  
World's No. 1 Typewriter,  
has risen only 24%



**1938**  
**\$115.50 list**

**1949**  
**\$142.50 list**

**For better, faster, more efficient work—  
Replace old typewriters  
now with new Royals  
...they're a bargain!**

The **NEW**

**GRAY MAGIC ROYAL**

Made by the World's Largest Manufacturer of Typewriters

\*Combined price index for metals, metal products, and building materials, U.S. Dept. of Labor



FOR MACHINE - POSTED RECORDS THAT  
WEAR AND WEAR AND WEAR... AT LOW COST, GET

## PARSONS MECHANO FORM

This paper and card stock, 50% new cotton fiber, has built-in toughness, and will take a terrific beating, withstanding hundreds of handlings.

Parsons Mechano Form was built to the specifications of the leading machine, ribbon and ink manufacturers. You'll get legible, clean-cut entries, that stay legible. Mechano Form has the no-glare surface that means fewer errors in reading and writing the entries. So it's fine for hand posting, too. Available in eight weights and seven colors. Matching colors in paper and cards mean you can use each color to indicate a type of account or record, saving time and assuring accuracy. Entries can be erased easily, with rubber, scratcher or chemicals, leaving the same color of smooth, hard surface.

### "HOW TO MAKE YOUR RECORDS LEGIBLE AND LASTING"

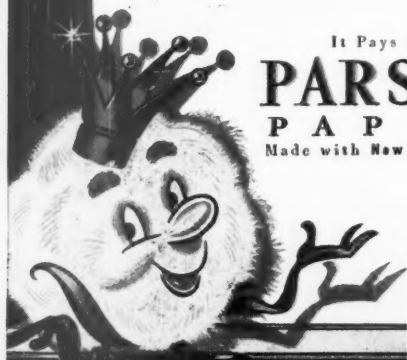
This is the title of a free booklet that gives the answers on papers for accounting and record-keeping purposes. It tells what types of papers or card to use for various applications and gives valuable hints on saving time, effort and paper. Send for your copy today—no obligation. Parsons Paper Company, Department 61, Holyoke, Massachusetts.



It Pays to Pick

## PARSONS P A P E R S

Made with New Cotton Fibers  
© P.P.C. 1948



## BUSINESS BRIEFS

Abuse of federal land grants helped the Northern Pacific to foster a monopoly in Northwest transportation, says the Justice Dept. It complains to Seattle federal court that sales and leases of nearly 40-million acres required that products be sold to "vendees who are willing to ship" over the N.P.'s lines.

To impress the public with its conservation measures, Weyerhaeuser Timber Co. has opened five park areas for public use.

Reorganizing its top brass, Westinghouse has given three vice-presidents (James H. Jewell, John K. Hodnette, John M. McKibbin) greater responsibility, taken some of the load off vice-president L. E. Osborne. And it has recognized the importance of its consumer products by splitting them from industrial products.

Sylvania's TV sets will appear this fall. These are the company's first, despite its name as a major producer of video and radio tubes.

G.E.'s TV sets have new price tags reading from \$20 to \$100 less.

Telecar—the mobile receiving station equipped with radio-facsimile and radio-telephone that Western Union has been testing in Baltimore—still faces snags. FCC has ordered W.U. to use lower frequencies in Baltimore, which means drastic revamping. There are also other technical bugs to lick before Telecars halve the number of W.U. branch offices in 64 cities.

Phoenix-Apollo Steel's owners—a syndicate of steel-products manufacturers (BW—Nov.27'48,p20)—can now buy finished steel more cheaply than their Apollo (Pa.) mill can make it. Raw-steel producers won't cut prices, so the syndicate wants to sell. Possible buyer: a local nonprofit organization.

Rayonier's pulp mill at Grays Harbor, Wash., will shut down for three weeks, then resume on a five-day-a-week basis. Orders from the rayon industry are still slow (BW—Mar.12'49,p76).

Airways pact with Canada has made the State Dept. unpopular in several quarters. It gives Canadian airlines several new routes into the U.S. in return for firm rights for U.S. aircraft at Gander. Colonial Airlines—which now faces competition from Trans-Canada Air Lines on the lucrative New York-Toronto run—calls the deal a "sell-out."



## How to go home in Philadelphia

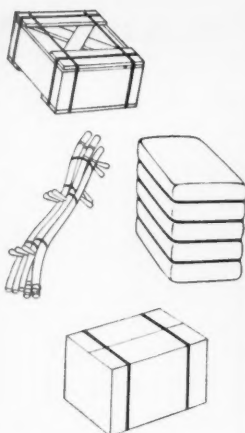


In Philadelphia—third largest U. S. market—more than four out of five households count The Bulletin as a member of the family. The advertiser in The Bulletin joins these families, too, and he does it *when they're at home with leisure to read his message thoroughly.*

There's no getting around it: the way to go home in this trading area of more than four million persons is to call in company with The Bulletin.

In two blocks of Atwood Road, to cite just one example, The Bulletin is read by 50 of 57 families interviewed. That's the way it is in all Philadelphia. The Bulletin *goes home, stays home, is read* by the entire family—evenings and Sundays.

.....  
**In Philadelphia**  
**nearly everybody reads**  
**The Bulletin**  
 .....



**Whether you  
box it...  
bale it...  
crate it...  
or bundle it...  
you can save  
with ACME  
STEELSTRAP**

Yes, over 45,000 users have proved it—9 out of 10 companies can save by packaging with Acme Steelstrap!

For Acme Steelstrap cuts time, labor, material costs... Binds and reinforces shipments neatly and securely... Makes them easier to load and unload... Delivers them in perfect condition.

Mail the coupon today for full details.

ACME STEEL COMPANY, Dept. BW-65  
2838 Archer Avenue, Chicago 8, Illinois

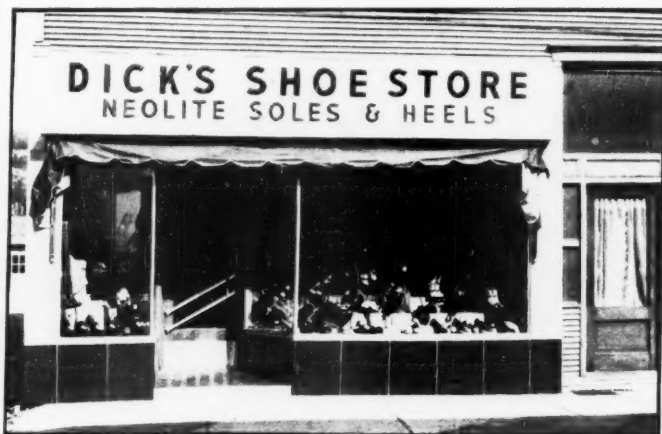
- ☐ Send booklet, "Savings in Shipping."  
☐ Have representative call.

Name \_\_\_\_\_  
Company \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

## MARKETING



**BEFORE**—This ancient facade looked like thousands of other shoe-repair shops.



**AFTER**—Modernization proves there's profit for the manufacturer, too, in...

## Giving Retailers a Lift

Goodyear first showed tire dealers how to modernize their stores. Now it's out to help shoe repairmen. The program emphasizes how much nontire lines mean to the rubber companies.

It isn't enough to make a product the public likes. You must also make sure that the dealer finds it profitable to handle the item—if you don't want him to switch to a rival line.

That's a lesson learned by the tire industry more than a decade ago. It found that it had to help dealers through the winter sales slump, and during the rest of the year as well, by providing them with auxiliary lines of seasonable merchandise. This valuable

education has turned three of the major tire makers—Firestone Tire & Rubber Co., B. F. Goodrich Co., and Goodyear Tire & Rubber Co.—into three of the nation's major wholesalers.

• **Shoe-Shop Campaign**—Richard Stempowski's new store (above) in Plymouth, Pa., shows how deeply Goodyear, for one, has gone into the field. This is an early result of Goodyear's latest campaign, which is aimed at getting shoe-repair men to modernize their stores so



## Chicago... Railroad Center of the Nation invites you to the '49 RAILROAD FAIR

**June 25 through October 2**

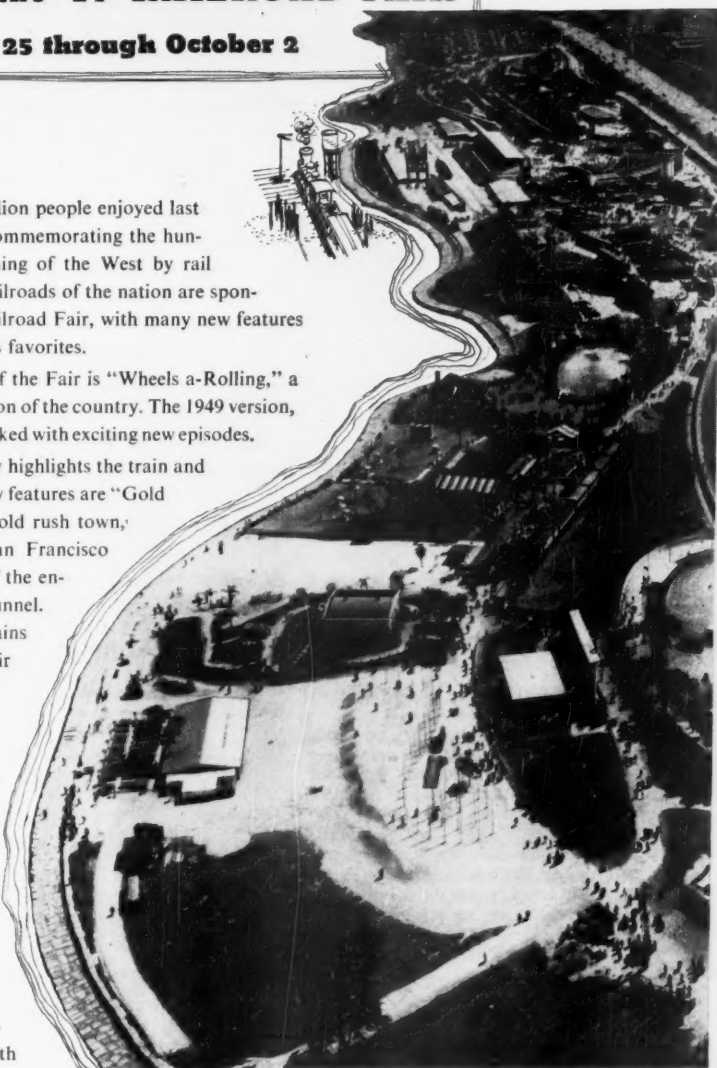
**M**ORE than two and a half million people enjoyed last year's Chicago Railroad Fair commemorating the hundredth anniversary of the opening of the West by rail transportation. This year, the railroads of the nation are sponsoring another season of the Railroad Fair, with many new features and exhibits added to last year's favorites.

One of the thrilling features of the Fair is "Wheels a-Rolling," a dramatic pageant of transportation of the country. The 1949 version, performed four times daily, is packed with exciting new episodes.

Again, the Train of Tomorrow highlights the train and railroad exhibits. Among the new features are "Gold Gulch," a rip-roaring frontier gold rush town; free rides on a transplanted San Francisco cable car, and a reproduction of the entrance to the famous Moffat tunnel. Two narrow-gauge railroad trains will transport visitors on the Fair grounds.

When you're hungry, you'll have your choice of an old-fashioned dining car of the 80's, operated cafeteria style—the Illinois Central's super-modern first all-electric diner—the Rock Island's Fiesta Car, and many other restaurants.

Visit Chicago, railroad center of the nation, this summer. Besides the Railroad Fair, you'll find numerous other events to enliven your trip. And the city's wealth of cultural and educational facilities will make your visit one you'll always treasure.



*An aerial view of the Railroad Fair, located on the lakefront in Chicago, railroad center of the nation.*

*This is one of a series of advertisements on the industrial, agricultural, residential and cultural characteristics of Chicago and Northern Illinois*

### **TERRITORIAL INFORMATION DEPARTMENT**

Marquette Building—140 South Dearborn Street, Chicago 3, Illinois

**COMMONWEALTH EDISON COMPANY • PUBLIC SERVICE COMPANY OF NORTHERN ILLINOIS  
WESTERN UNITED GAS AND ELECTRIC COMPANY • ILLINOIS NORTHERN UTILITIES COMPANY**

 <p><b>VAPORIZING LIQUID</b> The all-purpose extinguishers effective on almost every kind of fire. Safe on electrical fires, too! Hand or pressure operation.</p>	 <p><b>CHEMICAL FOAM</b> 2½ gal. size produces about 22 gals. of fast-acting foam. Ideal for flammable liquid hazards. Also 10 gal. and 40 gal. (above) wheeled units, and systems.</p>	 <p><b>CARTRIDGE-OPERATED</b> Eliminates annual recharging. For fires in wood, paper, textiles. Shoots water or anti-freeze solution. 2½ gal. size.</p>
 <p><b>AIR FOAM</b> Couple Playpipe to hose line. Every 19 gals. of water and 1 gal. of PYRENE Foam Compound yield 350 gals. of foam! For ordinary combustibles and flammable liquids.</p>	 <p><b>SODA-ACID</b> Standard protection for ordinary combustibles. Shoots a steady 40 ft. stream. 2½ gal. size. For offices, factories, stores. Also 40 gal. wheeled units.</p>	<p><b>MANUAL AND AUTOMATIC SYSTEMS and other extinguishers</b></p> 

# Pyrene has what it takes

Name any kind of fire hazard—there's a PYRENE to guard it

Every PYRENE\* product is precision-made for sure protection. When you want new PYRENE extinguishers, you can get them quickly... distributors in all leading cities carry them in stock. There are 180 PYRENE service depots throughout the country ready to give you immediate repair service on PYRENE pump-type extinguishers or furnish parts for other types. Depend on PYRENE for all your extinguisher needs. Write for addresses of your local distributor and service depot.

\*T. M. Reg. U. S. Pat. Off.



## PYRENE MANUFACTURING COMPANY

577 Belmont Avenue

Newark 8, New Jersey

Affiliated with C-O-Two Fire Equipment Co.

that they will do more business—and therefore order more Goodyear products. By last week Goodyear had modernized 11 stores, had another 92 on the drawing boards, and was getting ready to tackle 500 additional prospects who have shown interest in the program.

In building its latest campaign, Goodyear has borrowed freely from an earlier experiment in helping the dealer to help himself. In its Visual Merchandising Laboratory, tire dealers have been consulting Goodyear's experts on how to improve store layouts, fronts, and displays (BW—May 29/48, p. 78).

• **Basic Ideas**—The company is applying to shoe-repair stores the basic ideas it developed at the Akron center. When Goodyear helps modernize a tire or shoe-repair store, it builds its trade name into the new layout. Thus, Goodyear-designed shoe-shop fronts usually include the legend "Neolite Heels and Soles."

Goodyear began planning its shoe-shop project two years ago, but only went into action this year. As a basic campaign tactic it counts on leather and shoe-findings jobbers to stir up the initial interest in its dealer-aid program. The jobber calls on the repairman, explains what Goodyear is doing. If the repairman shows interest, the jobber sends his name to Goodyear, which follows up the contact with an offer of free plans and blueprints, plus an estimate of the cost. Actual modernization work is done locally.

• **Center of Attraction**—The modernizing plan centers around a display unit called a "Sales Builder." This unit, which holds the cash register and features Neolite, costs the repairman \$198, f.o.b. Cleveland. If the jobber sells one, he nets \$18; Goodyear nets nothing on this sale.

As yet, Goodyear hasn't dreamed up any plans for supplying the shoe-repair man with any supplementary lines of merchandise. The reason: The company has to make its contacts and do its preliminary dealing through jobbers—who are already supplying the shoe-repair stores with full lines of other merchandise. And Goodyear can't afford to compete with the people who are, in effect, the company's own best salesmen.

• **Significance**—The significance of this new program of Goodyear doesn't lie in the volume it may produce if it is a success. That could never touch the business done by the company's tire dealers. Nevertheless, the shoe-shop campaign points up how important the rubber companies' nontire activities have become.

The companies are reluctant to say what part of their sales come from these operations—but there are some good guesses available. It's estimated that



# Kimpak\* Float Packaging



**ALUMINUM COOKING UTENSILS**  
Vita Craft Corporation, Kansas City

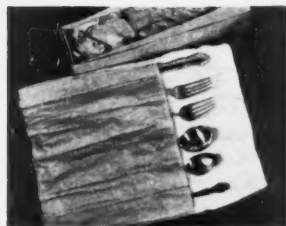
## Cuts shipping costs— reduces damage in transit!

For shipping anything from perishable foods to finely finished utensils and appliances, your best assurance of complete protection is KIMPAK\* creped wadding. Strong, yet soft—flexible, yet smooth—KIMPAK provides the perfect cushion to guard against finish damage.

Although a top quality packaging material, KIMPAK is economical to use. It's neat, easy to apply—saves time in the shipping room. It's clean and pleasant to handle. And KIMPAK is feather-light to reduce the size and weight of shipping packages. No other cushioning material

provides comparable safety with so little bulk or weight!

Moreover, the smart-looking, eye-appealing neatness of a KIMPAK-wrapped product cannot be surpassed. Many of America's finest products go to market protected with KIMPAK—because of its attractive appearance. So try "Float Packaging" at your first opportunity. There is a specification to meet every requirement of the four basic methods of Interior Packaging: Flotation, Blocking and Bracing, Surface Protection, and Absorbent Packaging.



**Individual Table Service**—in pocket envelope lined with KIMPAK.  
Photo courtesy International Silver Company.



**Electric Waffle Iron**  
Photo courtesy General Electric Company.

### —FREE BOOKLET!

Kimberly-Clark Corporation  
Neenah, Wisconsin  
Please send me free, the illustrated  
KIMPAK packaging guide.

BW-649

Name .....

Firm .....

Address .....

City ..... Zone ..... State .....

# Kimpak

REG. U.S. PAT. OFF. & FOREIGN COUNTRIES



**CREPED WADDING**

We don't know why they li



# listen... but we do know they're listening more than ever!

We thought we knew a great deal about why people listen to the radio. From all kinds of statistics we knew that Radio has been the most popular influence in American life in the present century.

But no kind of statistics can ever define the structure of a love affair. Any more than they can fully explain why more Americans today are more involved with Radio than ever before.

***What, for instance, made the American people add 13 million radio sets last year to the 77 million they owned the year before?***

***What made them listen to these sets more than the year before —for an average of 4 hours and 25 minutes a day?***

And why did they do this extra listening in the face of having many more things to do—like reading bigger and fatter newspapers and magazines, watching television, having more cars to ride in?

Whatever the reason, the result is that the network advertiser is getting bigger audiences today than ever before, and is getting them at less cost—6% less than in 1947.

## And we do know they listen to CBS most!

Because CBS has the best things to listen to: programs like Lux Theatre, Suspense and Godfrey; Jack Benny, My Friend Irma and Amos 'n' Andy; and still more to come this fall like Edgar Bergen, Burns and Allen, Bing Crosby, Groucho Marx and Red Skelton.

And also because they can hear CBS better, since it has the most powerful and best-balanced facilities in all radio.

***That's why CBS has the largest audiences, and the highest average audience, in all radio.***

***That's why CBS delivers these audiences to advertisers today at the lowest cost in all radio—and why advertisers sponsor more time on CBS than on any other network.***

That's why in all the latest reports, by every count, both Hooper and Nielsen, CBS has the "No. 1" position among all networks.

# CBS

—for the largest audiences in the world



# DOWN TO EARTH!

## Dictation Costs Dip with SoundScriber

Never before such savings! Today ... through SoundEraser, exclusive disc resurfacer, discs cost as little as 2¢ ... whole hour's dictation a mere four cents! Greatest economy ever!

**"BUSINESS AS USUAL" ... At home, on trips, at conventions SoundScriber Portable Dictating Equipment, your tireless electronic "secretary" keeps you in touch ... on top of your job ... at all times. Works when you want to!**



**LETTERS TALK! Magic! Dictate ... copy the disc ... then mail your voice wherever you need to be heard! Many as 9 separate discs fit into regular business envelope ... slip down mail chute at regular 3¢ postage! Talk anywhere ... never leave your desk!**



SoundScriber, with lowest cost of installation and operation, slashes costs ... ups production ... eases nervous tension for you and your secretary. Mail the coupon. Learn how.

**SOUND/SCRIBER**

FIRST ALL ELECTRONIC DICTATING SYSTEM  
FIRST DISC DICTATING EQUIPMENT

230 Sales and Service Centers Coast to Coast

The SoundScriber Corp., New Haven 4, Conn.

More about cutting costs, please.

NAME \_\_\_\_\_  
STREET \_\_\_\_\_  
CITY \_\_\_\_\_

BW-6

Firestone, the pioneer exponent of expanded merchandising lines, drew 40% of its gross last year from nontire sales. These included such items as radios, refrigerators, ranges, toys and the like, as well as steel products, plastics, automotive rims, and mechanical rubber goods.

For Goodrich and Goodyear, the best estimates of nontire sales are 55% and 70% respectively.

• **Early Days**—Some 30 years ago the tire dealer didn't have to worry about adding new lines. He was a specialist who bought and sold new and used tires, repaired, vulcanized. The average tire (in 1919) lasted only a year, even with the constant ministrations of the tire specialist.

By 1929, however, the life span of the average tire had doubled. And by 1939, a tire lasted 3½ years.

Besides longer life per tire—which lengthened the time between replacement sales—the tire dealer found other new troubles. Beyond certain limits, the demand for tires is relatively inelastic. You can't increase tire sales 50%, for example, just by cutting the price, because motorists don't buy a new tire until the old one is at least partially worn out. At the same time, however, the tire makers have added to their production facilities. And a lot of new-tire merchants (such as chain stores, mail-

order houses, and oil companies) are in the field.

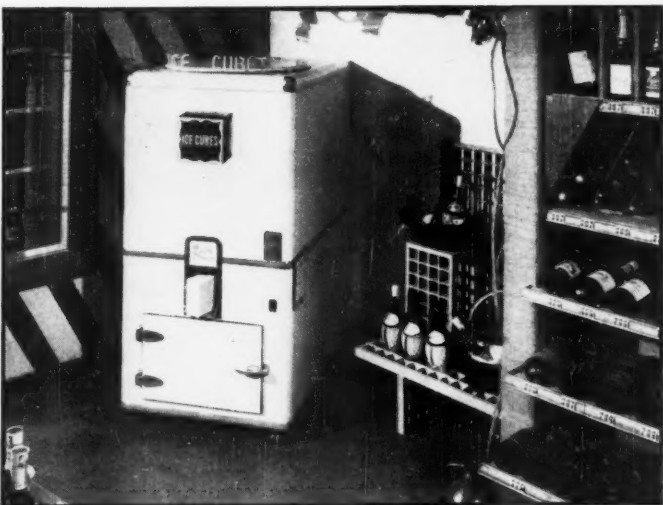
• **Conditions**—Improvements in tire design also meant that customers didn't need a tire specialist to patch and vulcanize. Added to this, the tire dealer is handicapped by being merely a seller of replacements instead of original equipment.

These troublesome phenomena have left tire specialists with a couple of choices. One is to offer special services to cement the dealer-customer relationship. Or he can branch out into other lines which will keep the customer coming into the store.

Most tire dealers have taken the latter course. (Some have taken both.) In fact many tire outlets have become miniature department stores. These include, in the case of Firestone, Goodrich, and Goodyear, not only the 1,700 company-owned outlets, but some 100,000 independent dealers as well.

• **Firestone**—Firestone is generally credited with starting the expanded merchandise idea in the rubber business. In the 20 years since it started its program, the company's catalog has grown to include 3,500 items.

All merchandise, except the smaller items such as fishing tackle or screw drivers, carry the Firestone name. (In contrast, Goodyear and Goodrich are

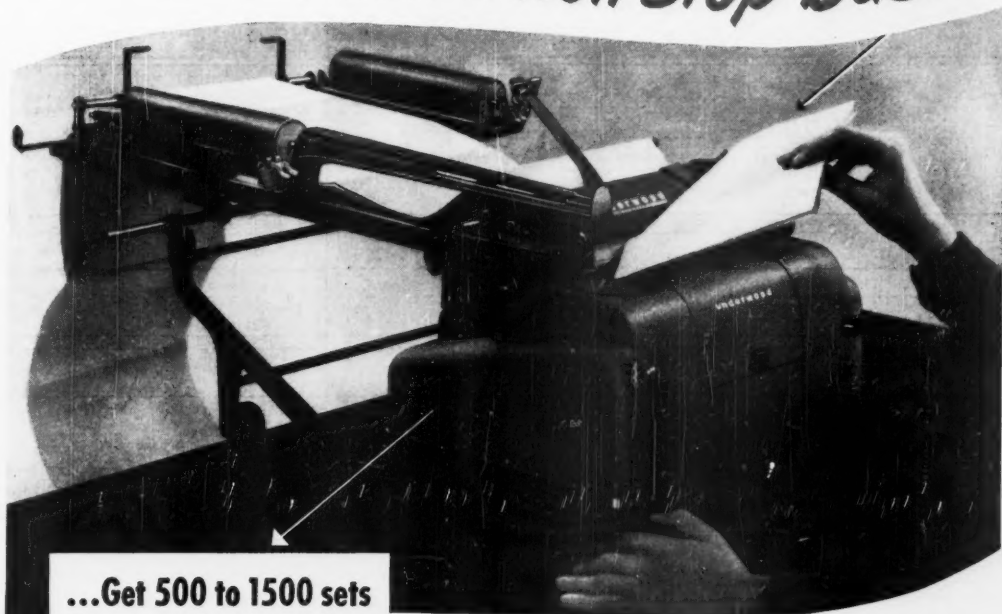


## Cube-Size Ice-Machine Delivered

It looks like one big ice cube coming out of a vending machine—but it's actually a carton containing 32 smaller cubes. Wayne C. Bailey, president of San Diego's Vend-Ice Corp., thinks that the frozen packages, delivered by his machines, will provide a new source of revenue for commercial ice manufacturers. And he counts on the mechanical

venders to set up an efficient distribution system for a product that's sloppy to handle. Thus far, the machines, still in the pilot-model stage, are being tested in selected Pacific Coast and midwestern markets. Drop in a quarter and you get enough ice for 32 old fashioned, 16 highballs, or 8 big glasses of iced tea. The machine holds 80 cartons.

# Type Your Multi-Copy Forms ...on a Non-Stop Basis



**...Get 500 to 1500 sets  
from one loading of  
carbon paper...with the**

## **NEW UNDERWOOD** *All Electric* **FANFOLD WRITING MACHINE**

Apply production-line speed and economy to all of your multi-copy forms . . . right in your own office . . . with the new Underwood All Electric Fanfold Writing Machine.

You'll find this modern machine saves you time and money all along the line.

First, it eliminates non-productive operations. One loading of Continuous Multi-Copy Forms and Continuous Carbon Paper in rolls or long sheets lasts for many days. The forms and carbon paper, in perfect alignment, are always in the machine ready for instant use, thus making possible uninterrupted typing without the usual non-productive operations required when using loose forms.

Next, substantial savings in the consumption and cost of carbon paper are effected. The carbon paper, either in long sheets or in rolls, is used again and again for many sets of forms until it has served its full utility. Thus, carbon paper costs are frequently cut in half.

Finally, the new Underwood All Electric Fanfold Writing Machine has been especially designed for

multi-copy work. It incorporates every feature essential to maximum operating simplicity and speed, including Underwood's renowned ALL ELECTRIC KEYBOARD.

Just ask your nearest Underwood representative to prove how this machine will pay for itself in a matter of months. Or, fill in and mail the coupon for complete descriptive folder *today!*

### **Underwood Corporation**

Accounting Machines . . . Typewriters . . .  
Adding Machines . . . Carbon Paper . . .  
Ribbons

One Park Avenue New York 16, N. Y.  
Underwood Limited, 135 Victoria St.,  
Toronto 1, Canada

Sales and Service Everywhere

© 1949

Underwood Corporation  
One Park Avenue  
New York 16, N. Y.

Please send me new Underwood All Electric  
Fanfold Writing Machine Folder.

COMPANY .....  
YOUR NAME .....  
STREET .....  
CITY ..... ZONE ..... STATE .....







Production increases up to 60% have been reported after Lukenweld Jacketed Steel Drier Rolls, operating at elevated temperatures, have been installed.

## *safely* CAN YOU WORK YOUR DRIER ROLLS AT Higher Steam Pressures?

### High pressures, possible with Lukenweld Rolls, boost output

First question to ask is, "Can our old rolls be *safely* worked at higher pressures?" Some operators report unfortunate experiences when they tried; failure of rolls damaged other rolls and shut down entire machines. Often the insurance companies will not permit any increase in pressure.

Lukenweld Drier Rolls are predictable, because they are steel plate construction. Designed for pressure work—as much as 350 psi. and over—they are SAFE. Ask your insurance company what they know about Lukenweld Drier Rolls.

Positive removal of condensate and the higher steam velocity obtained with Lukenweld Jacketed Drier Rolls make them better workers at any steam pressure. Reduction of film, dead steam, entrapped air or other noncondensable gases contributes to their high efficiency. Temperatures are more even across roll faces.

Lukenweld Jacketed Drier Rolls are offered in diameters from two feet to over twenty feet. They are described in Bulletin 358. For a copy, write Lukenweld, Division of Lukens Steel Company, 483 Lukens Bldg., Coatesville, Pa.



DESIGNERS, ENGINEERS AND MANUFACTURERS OF MACHINERY

active promoters of national brands.) Firestone maintains a quality control laboratory to check all products before it accepts them.

Firestone's buyers usually come up with the suggestions that result in adding new products to the line. If the item passes the lab tests, it is put on trial in 36 of the company's stores scattered across the country. If it clicks there, it's offered to the independent dealers—and usually put in the rest of the company-owned stores. If the product fails the 36-store test, it's dropped immediately.

• **Outboard Motors**—Occasionally a buyer produces an idea that sales executives don't think will make the grade. Usually, however, they give it a try. One such product was the outboard motor. Put into the experimental stores on a trial basis, the line went over so well that Firestone is now the biggest single distributor of outboard motors in the country.

Most successful department in the company's merchandising program: toys. Runner-up: electric appliances (refrigerators, irons, radios, television sets).

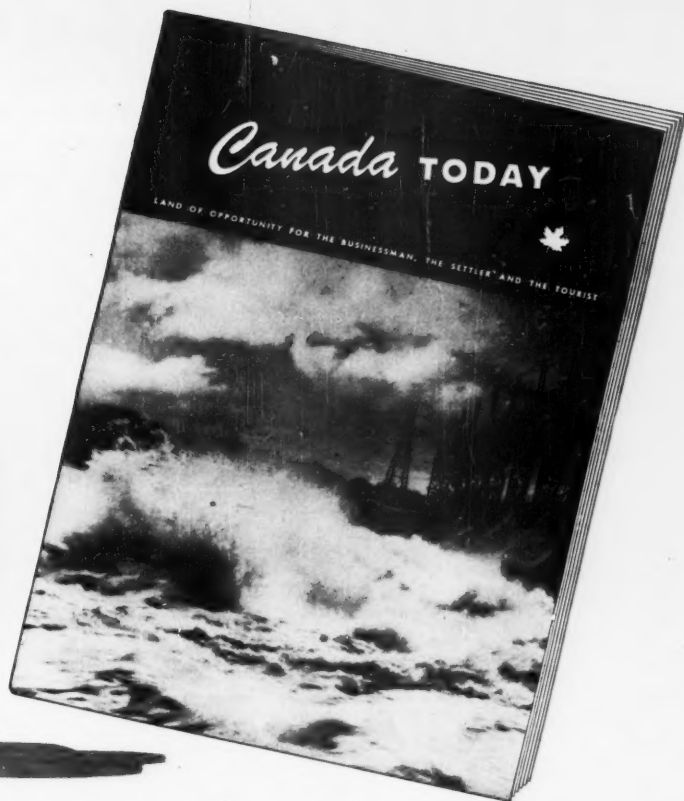
• **Direct Benefit**—All these items have the desired effect of helping the rubber companies' dealers do better business. Along with this they have another even more direct effect on the rubber companies' earnings. For these concerns take a wholesaler's normal markup. And despite the tiremakers' reluctance to talk about margins or the amounts of merchandise handled, those figures can't help but bulk large on profit-and-loss statements.

#### MARKETING BRIEFS

Philip Morris' sales for the fiscal year ended Mar. 31 were the biggest in its history: \$228.4-million, as against \$171.3-million the year before. Profits also hit a new high: \$12.5-million, more than double the previous year.

• **New Hampshire's oleo bill**—permitting colored oleomargarine to be sold and served—has passed both houses of the legislature. Now the House is considering a Senate amendment requiring that oleo be labeled or identified by shape when served in eating places.

• **Price cuts:** Philco has put five new TV receivers, featuring 61-sq. in. screens, on the market at prices as much as \$100 under the price tags on its previous 10-in. sets. . . . Borg-Warner, having cut the prices of Norge household refrigerators from \$10 to \$40, has doubled employment at its Muskegon (Mich.) plant to handle the anticipated sales increase.



## YOUR FREE COPY IS WAITING FOR YOU, MR. DILLTHROP!

If you're looking for information about Canada—the largest single U. S. foreign customer—this fact-filled, pocket-sized, illustrated booklet of 100 pages is yours for the asking.

In preparing it, the B of M has done the basic research for every American business man with Canada on his mind. It tells about the country, the people, and the resources. It is filled with facts about Canada.

Naturally, when you've read the story you will have specific questions of your own. You may want to know about such things as tariffs, labor conditions, plant sites or taxation. The B of M can answer your questions because the B of M knows Canada. We are Canada's first bank, established in 1817. And with our first American agency established in 1859, we know something of the problems of American business men who do business in Canada.

So here is your opportunity to get a sound, helpful, thoroughly reliable introduction to CANADA TODAY. Simply write on your letterhead to any of

our U. S. offices, or to the Superintendent, Business Development Department, Bank of Montreal, Place d'Armes, Montreal, Canada, and ask for booklet A-2.



HEAD OFFICE  
MONTREAL

## BANK OF MONTREAL

..... Canada's First Bank .....

In Canada since 1817... In U. S. since 1859

U. S.

New York ..... 64 Wall St.  
Chicago ..... 27 S. LaSalle St.  
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LONDON

City Office . . 47 Threadneedle St., E.C. 2  
West End Office . 9 Waterloo Place, S. W. 1

*Over 500 Branches  
across Canada*

RESOURCES EXCEED \$1,900,000,000



**WHY?** Because he is sitting in a chair that is as much a part of him as the head on his shoulders. Supported and relaxed in the foam rubber, spring-cushioned comfort of his individually-fitted Sturgis Posture Chair, he is automatically encouraged to maintain the posture that discourages fatigue.

A chair doesn't make the man but it helps—by helping him stay on top of the job. Your Sturgis dealer will gladly demonstrate.



Ever wondered how much bad sitting might be costing you? If you have—or even if you haven't—it might be a good idea to read our booklet, "The High Cost of Sitting". No charge—no obligation—just good common sense.

A complete line of executive, stenographic, reception and institutional chairs—posture-designed for the person and the purpose.

#### MAIL THIS COUPON NOW

The Sturgis Posture Chair Company  
Sturgis, Michigan

Please send us a copy of your booklet, "The High Cost of Sitting".

NAME \_\_\_\_\_

COMPANY \_\_\_\_\_

TITLE \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_



**POSTURE CHAIR CO.**  
Sturgis, Michigan

## California Eyes Kosher Wine

State's vintners are losing table-wine trade to kosher producers. So they want to get into the field, too. But rules governing wine content stop them for the present.

Kosher wines show signs of becoming a serious threat to California's hold on the table-wine market.

• **Gains and Losses**—It's true U.S. drinkers consume more California wine than any other type. Close to 90% of all the wine sold comes out of the golden state. California vintners have been able to boost steadily their sales of heavy dessert wines (more than 14% alcohol—sherry, port, muscatel). But they have been losing in the market for table wines (less than 14% alcohol—burgundy, sauternes, claret) to the non-California kosher producers.

• **Stopper**—The catch is that California's own state regulations keep the winemakers from breaking into the kosher field. That's why many of the vintners were digging last week for ways to change—or evade—the state rules.

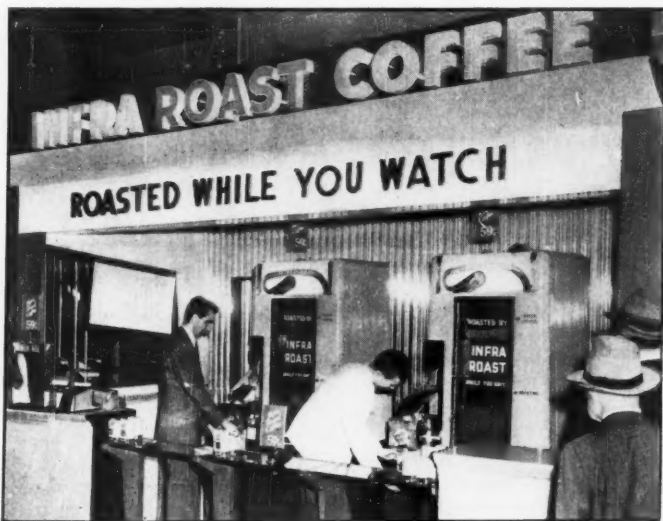
The California producers' troubles lie in the make-up of kosher wine. It is low in alcohol content (12% to 13%) and has a pronounced flavor of Concord

grapes—more or less the taste of grape juice or grape jelly. But the main hitch is its very high sugar content.

• **Fixed Recipe**—California regulations prescribe a certain maximum sugar content for wines—in proportion to their alcohol content. If a wine has a low alcohol content, it has to have a low sugar content, too. Another regulation prohibits sweetening wine with sugar. These rules make it pretty tough for a California vintner to make kosher wine.

Then there's another difficulty. California produces almost no Concord grapes. Its chief grape products aren't much good for kosher wine.

• **What to Do**—First step in overcoming these difficulties will be to work a change in the state regulations governing winemaking. Next, California producers will have to get the neighboring state of Washington to ship in Concord grape concentrate. The state's vintners count on the concentrate to provide the Concord-grape flavor. And



## That He Who Runs May Buy

If you're going to sell to people trying to catch the 5:15, you have to make the selling quick and easy. In Boston's South Station, the Union News Co. is making the first commercial use of fully automatic coffee roasters in a bid for more of the commuter's dollar. Clerks bag the beans, ring up sales.

Pressure on a button drops one pound of

green coffee into a cylinder where infra-red rays roast it in about three minutes. Then the coffee is channeled into a grinder or delivered in half-bean form in a package. Union News leases the machines from Infra Roast, Inc., Boston; pays a royalty of 5¢ on every pound sold. In the first week, Union News sold 2,000 lb. at 59¢ a lb.

# City "X" needs a Packard dealer!



City "X" is ready and waiting for a Packard dealer! And here is what it offers him:

**A prosperous, growing market:** The population, now 25,000, has *trebled* since 1942. (Trading area population: 70,000.) Stable, diversified industries range from knitting mills to marble quarries. What's more, City "X" is the business heart of a rich agricultural area. Effective buying income is estimated at 18 million dollars.

**A ready-made group of customers:** Scores of loyal Packard owners in City "X," are immediate customers for service . . . and are pre-sold prospects for new Packard cars.

**Pleasant family living:** City "X" is a pleasant, historic city with a suburban atmosphere—just 17 miles from a celebrated Southern state capital. It's in the center of a fast-growing recreational area.

• • • •

City "X" is one of a select group of cities on the new Packard Golden Opportunity list. They're going fast—so act quickly!

- Sell the new *Golden Anniversary* Packard line—three series, 14 individual models, at *new lower prices!*
- Qualify for the industry's first *three-year dealer contract!*

- Share in the future of America's oldest exclusive fine car builder—a Company which today is in the *best production and sales position of its entire history!*

Wire or telephone direct to Karl M. Greiner, General Sales Manager, Packard Motor Car Company, 1590 East Grand Blvd., Detroit 32, Mich. (All inquiries are confidential.)



NEW LOWER PACKARD PRICES begin at **\$2224\***

*\*for the 135-HP Packard Eight Club Sedan—delivered in Detroit; state and local taxes, if any, and white sidewalls (\$21), extra.*

## Packard

ASK THE MAN WHO OWNS ONE

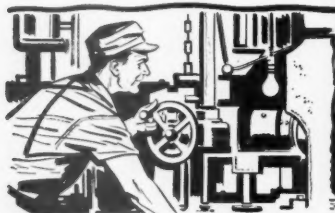
**'MASSACHUSETTS'**  
Labor record tops  
the big 10 states!"



"The most recent 9 year average shows that Massachusetts loses less time per worker due to strikes than any other of the ten leading industrial states!"



"This is a real tribute to labor's cooperation and reasonableness...the state's progressive legislation...the good faith of labor-management collective bargaining."



"As for skill...just as STERLING means excellence in silver—YANKEE CRAFTSMAN symbolizes excellence in mechanical ability. The Bay State has workers skilled in every trade of modern industry."



"Women, with their extraordinary talent for semi-skilled 'detail work', offer you highly efficient mass production for small part assembly, delicate items, repetitive tasks."



"Massachusetts can furnish trained workers in every category—executives, clerical help, salesmen—everyone you need to keep your 'paper work' going smoothly, your plant at top efficiency."

**ONLY  
MASSACHUSETTS  
GIVES YOU ALL THREE**

- ① SKILLED, COOPERATIVE LABOR
- ② UNEQUALLED RESEARCH FACILITIES
- ③ NEARNESS TO MAJOR MARKETS



An illustrated book gives the facts on Massachusetts. The color film, "Make It In Massachusetts", is available to interested executives. Massachusetts Development and Industrial Commission, S-Rm. 407B, State House, Boston 33, Massachusetts.



they expect that the concentrate's sweetness will make it unnecessary to add sugar.

• **Phenomenon**—For many years a few companies in New York and Chicago have been selling kosher wine—produced under rabbinical supervision—to meet the demand from the Jewish market. Volume has climbed steadily, not only during the religious-holiday seasons, like Passover, but during the rest of the year as well. The winemakers found that, besides their regular trade, more and more non-Jewish drinkers were getting to be steady customers for kosher wine. During the past few years the kosher product has become something of a phenomenon in the wine market.

Two companies pretty well dominate the kosher market. The Monarch Wine Co., Brooklyn, leads the field in volume with its Manischewitz brand; the Wine Corp. of America, Chicago, is runner-up with a product labeled Mogen David. A half dozen smaller companies split up the rest of the sales.

These kosher vintners won't say how big their sales are, but here's what the trade guesses: Last year they produced about 4-million gal. or close to 15% of the 27.5-million gal. of all domestic table wines sold.

• **Big Jump Expected**—These kosher winemakers are optimistic about future demand. Some expect consumption to double in the next two or three years. California vintners, hatching away at the restrictions that keep them from turning out a kosher product, apparently agree.



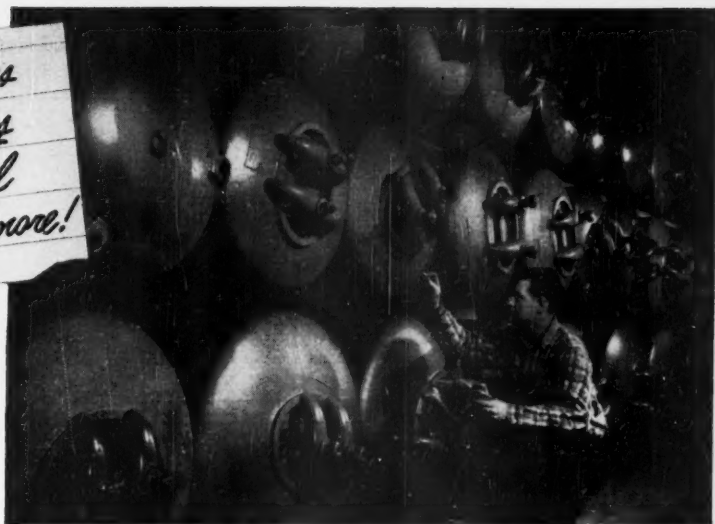
**Parking Price War**

When Elias Mushro, Hollywood parking-lot owner, cut his all-day parking price from 25¢ to 20¢, he promptly launched a two-man price war. Paul Cedor, who owns a parking lot across the street (arrow), followed suit. Mushro countered by axing his price to 15¢, 10¢, and finally to 5¢.



*Sometimes  
it costs less  
to use Steel  
that costs more!*

45-gal. domestic size Stonesteel tank at left, is the 42" x 100" tank at right. COR-TEN reduces weight 553 lb. each, saves \$5.00 on material cost. Freight charges to Norfolk, Va. were \$9.84 less, bringing total savings per tank to \$14.84.



**Used in place of carbon steel**

**U-S-S COR-TEN cuts weight 18%,  
cuts material cost 10.8%, cuts shipping costs 16%**

SEVERAL years ago the Cemline Corporation of Cheswick, Pa., developed a hot water storage tank designed to prolong life even in those areas where water supplies are unusually corrosive. A specially developed hydraulic cement lining that eliminates any corrosive water-to-metal contact did the trick. But in solving the corrosion problem the cement lining created another. Its substantial weight when added to the weight of the heavy carbon steel shell resulted in a unit that was unwieldy to handle and difficult and costly for plumbers and contractors to install.

A lighter tank was definitely called for. This need was emphasized with every increase in freight rates, and as more and more tanks were shipped to distant markets. The question was, how

to reduce weight without reducing strength. Cemline engineers found the answer in U-S-S COR-TEN.

Due to the protective lining, interior corrosion could be disregarded, so they were able to take full advantage of U-S-S COR-TEN's higher yield point (50,000 psi.) and to use it in gages 40% lighter than the carbon steel gages previously required. This 40% saving in cylinder weight reduced total tank weight 18%.

In the case of the 45-gallon Stonesteel tank for residential use, (shown at right), replacing the carbon steel shell, .138" thick, with U-S-S COR-TEN .0828" thick, reduced weight 42 lb., cut steel cost 35 cents. When these tanks were shipped to Richmond, Va., freight charges were 72 cents less per tank, making a total saving of \$1.07 each.

Says the President of Cemline Corporation, "U-S-S COR-TEN does more than reduce our costs. Because of its stiffness it forms more smoothly on our bending rolls, and fluting difficulties formerly experienced have disappeared. In welding, too, COR-TEN behaves better than straight carbon steel. It does not seem to burn away so readily under the arc and thus makes welding easier and faster. And because COR-TEN has from 4 to 6 times greater atmospheric corrosion resistance we have every reason to believe that Stonesteel tanks made of U-S-S COR-TEN are much less likely to rust when exposed to condensation, when leaky fittings drip or when the enameled surface is damaged in shipping or installation. That's why we've standardized on U-S-S COR-TEN."

AMERICAN STEEL & WIRE COMPANY, GENERAL OFFICES: CLEVELAND, OHIO  
CARNegie-ILLINOIS STEEL CORPORATION, PITTSBURGH & CHICAGO  
COLUMBIA STEEL COMPANY, SAN FRANCISCO - NATIONAL TUBE COMPANY, PITTSBURGH  
TENNESSEE COAL, IRON & RAILROAD COMPANY, BIRMINGHAM  
UNITED STATES STEEL SUPPLY COMPANY, WAREHOUSE DISTRIBUTORS, COAST-TO-COAST  
UNITED STATES STEEL EXPORT COMPANY, NEW YORK

**U-S-S HIGH STRENGTH STEELS**

U-S-S COR-TEN • U-S-S MAN-TEN  
U-S-S MANGANESE-NICKEL-COPPER



United States Steel Corporation Subsidiaries  
Room 2095 Carnegie Building,  
Pittsburgh 30, Pa.

☐ Please send me a copy of booklet showing how U-S-S COR-TEN saves money in building Stonesteel tanks.

☐ Please have a High Strength Steel representative call on me.

Name.....

Position.....

Company.....

Address.....

City.....Zone.....State.....

**UNITED STATES STEEL**

# I met New England

## IN GUADALAJARA"



"My own home town can knock the spots off of this place!" I said — kind of homesick, I guess.

"You from New England, too?" my companion asked.

"That Sleepy Hollow?" I laughed. "Why, my neck of the woods has got everything!"

"No it hasn't," the New Englander answered with a shake of his head. "I'll bet you can't jump in the car and be swimming in the ocean in less than an hour, or fishing a cool mountain stream not fifteen minutes away from your factory. New England is a place that's got everything — scenery, recreation, real people and so many different kinds of industries that we're known

as the most highly industrialized area in the country.

"Why man," he went on, warming up to his subject, "up in New England we make over 220 different classifications of products. We've got plenty of power, good water for processing, the finest research facilities in the country, fast, modern transportation, and if you're interested in a domestic market, New England itself has the highest per capita income in the country!"

"You certainly make New England sound like the place to live and work," I said, wondering if I could convince my wife to drop Mexico and fly up to the Green Mountains for the rest of our vacation. "I'd like to look that region over more carefully."

### INVESTIGATE NEW ENGLAND



Our new "INDUSTRIAL QUESTIONNAIRE" makes it easy for management to give us specifications for space and plant site requirements. Based on this information we'll gladly recommend locations suited to specific needs. Of course, it's confidential and there's no obligation. Write today to: Industrial Development Department, Room R, New England Electric System, 441 Stuart Street, Boston 16, Mass.

The largest electric utility system in New England — serving 2,500,000 people living in 250 New England communities.

New England is **THE** place to live and work



*Means Better Living*

## Look! No Ads!

**Locks Labs proves you can start a cosmetic without heavy advertising. Over-the-counter demonstrators do the trick.**

Once a consumer latches on to a certain cigarette, soap, or cosmetic, it usually takes a heap of advertising to persuade her to change brands. And a heap of advertising takes a heap of money.

• **Adless Success**—But one cosmetic manufacturer has demonstrated to his competitors that it isn't necessarily so. Locks Laboratories, Inc., Mt. Vernon, N. Y., has achieved national distribution for three new products introduced in February last year—and did it without benefit of national advertising. By the end of 1948, the company had already grossed more than \$2.5-million.

Frank L. Twitty, president of Locks, based his attack on the cosmetic business on two main tactics: (1) placing his product in a couple of big-volume stores, and (2) intensive use of demonstrators. Then he let other stores hear about it by word-of-mouth advertising—and beat a path to his door. In little over a year, some 450 department stores found the way to his Westchester factory.

• **Results**—Twitty's 1949 sales goal for his "Robert Curley" hair conditioner, shampoo, and combination brush-comb, is double his 1948 volume. Last week he announced that sales were running right on schedule: first-quarter receipts totaled about \$14-million.

• **Launching a Line**—Locks started its distribution offensive by getting its products into two big New York City stores—Frederick Loeser & Co. in Brooklyn, and R. H. Macy & Co., Manhattan.

According to Twitty, Macy's wasn't too excited about his new line. But when he stated that he would produce \$5 per square foot of floor space for every \$1 that Macy could produce with any other line, the store stocked up.

The first week Twitty's demonstrators moved \$5,000 worth of Robert Curley cosmetics across the counter. By the end of the second week, Macy's decided to stock the products in all of its subsidiary stores across the country. During 1948, Macy's New York store sold more than \$185,000 worth of the line.

Once Twitty had a toehold in the market through Loeser's and Macy's, he stopped actively promoting new outlets. Yet buyers from other department stores came flooding in.

• **Horatio Alger Style**—Back in 1938 Frank Twitty was driving a taxi for the Terminal Cab Co. in New York. One day his wife, who worked for a small cosmetic firm, phoned him that a demonstrator had failed to show up in one

This ad interested many  
manufacturers last year!

Many who read it found National  
Oil Seals the key to improved  
performance in their products.



This small product (a National Oil Seal) costs pennies,  
yet makes possible the efficient long-term perform-  
ance of many machines costing thousands of dollars.  
Build better performance into your product by incor-  
porating National Oil Seals. They are adaptable  
for any machine which utilizes shafts or bearings  
from 1/4-inch diameter to several feet. A letter  
or telephone call will bring you full information.



## **NATIONAL OIL & FLUID SEALS**



National Oil Seals are products of the world's largest exclusive oil and fluid seal manufacturer. They are original equipment in most cars, trucks and busses...an integral part in many consumer products.

**NATIONAL MOTOR BEARING COMPANY, INC., REDWOOD CITY, CALIFORNIA**  
PLANTS: Redwood City • Los Angeles • Van Wert, Ohio. OFFICES: Buffalo • Chicago • Cleveland • Dallas  
Detroit • Houston • Los Angeles • Milwaukee • New York City • Philadelphia • Springfield, Mass. • Wichita

## CROTTY FOOD SERVICES



Crotty-operated restaurant of Veeder-Root Inc., world's largest manufacturers of counting and computing devices, Hartford, Conn.

### "Our Veeder-Root Cafeteria Treats Us Fine!"

That's Ed Yesaitis' way of saying that the company restaurant adds a plus to "working conditions" at the Veeder-Root plant. By making a half-hour lunch period practical, it gets Ed and his 1400 co-workers home earlier. Then there is the appetizing and economical hot food that "boosts one's morale", to use Yesaitis' own words.

Seating 300, the attractive cafeteria serves breakfast and lunch for day and night shifts. In addition food wagons make a daily trip through the plant. And because of the complexity of a feeding operation of this size, Veeder-Root has relieved itself of all the problems and details by delegating complete cafeteria management responsibility to Crotty Brothers Food Service.

Veeder-Root is proud of its Crotty-operated cafeteria and the employee relations program of which it is a part. Personnel Director W. Watson Woodford feels that it not only contributes to good working conditions but increases production through better employee health.

*\* For further information on in-plant feeding, write on your business letterhead for the free booklet, "Employee Restaurants Improve Labor Relations."*



OPERATING IN 18 STATES AND 41 CITIES

137 NEWBURY STREET, BOSTON 16, MASS.  
111 WEST WASHINGTON ST., CHICAGO 2, ILL.  
303 SOUTHLAND ANNEX BLDG., DALLAS, TEX.

FOOD SERVICE MANAGEMENT SINCE 1930

of the Brooklyn stores. Twitty parked his cab, put on his best suit, and stepped into the job.

In two years, Twitty felt he knew enough about the cosmetic business to go off on his own. So in 1940 Frank and his brothers, Robert L. and James B. Twitty, formed Locks Laboratories, with offices in New York. The firm was launched with a capital of \$155-\$55 in cash from Frank's pocket, the rest borrowed from a loan company. The product: Locks Medicated Foot Preparation.

The first two years were uphill. But by 1943 the brothers had poured back sufficient profits to allow themselves the luxury of a full-page ad in the New York Daily News.

• **Hard Schooling**—On the day the ad ran, Locks Labs learned about one pitfall of distribution. The distributor handling the foot balm didn't get it into the stores in time to tie in with the advertising. The results were disastrous. The firm's funds went down the drain of faulty distribution.

By the time Locks' sales curve had begun to flicker with signs of life again, World War II cut in on its supplies. The company had to retrench until late 1945.

• **Growing**—Then came the Curley line. It caught on faster than Twitty had figured; soon the New York lab couldn't handle the demand. So in August of last year the Twitty brothers bought at auction the Mount Vernon (N. Y.) station of the defunct New York, Westchester & Boston R.R. Co. The price: \$48,880.

• **Flip of Coin**—Another example of Twitty's unorthodox operation: He selected his trademark with the flip of a quarter. The coin landed tailside up. So the trademark on the Curley line is an eagle—in fine disregard of the fact that the eagle on the American quarter is the bald eagle.

Twitty has no ad agency. He personally handles what little advertising his company does. Occasionally he goes fifty-fifty on cooperative advertising with department stores.

• **100 Girls**—Besides his 45 laboratory and office workers, Twitty employs about 100 demonstrators.

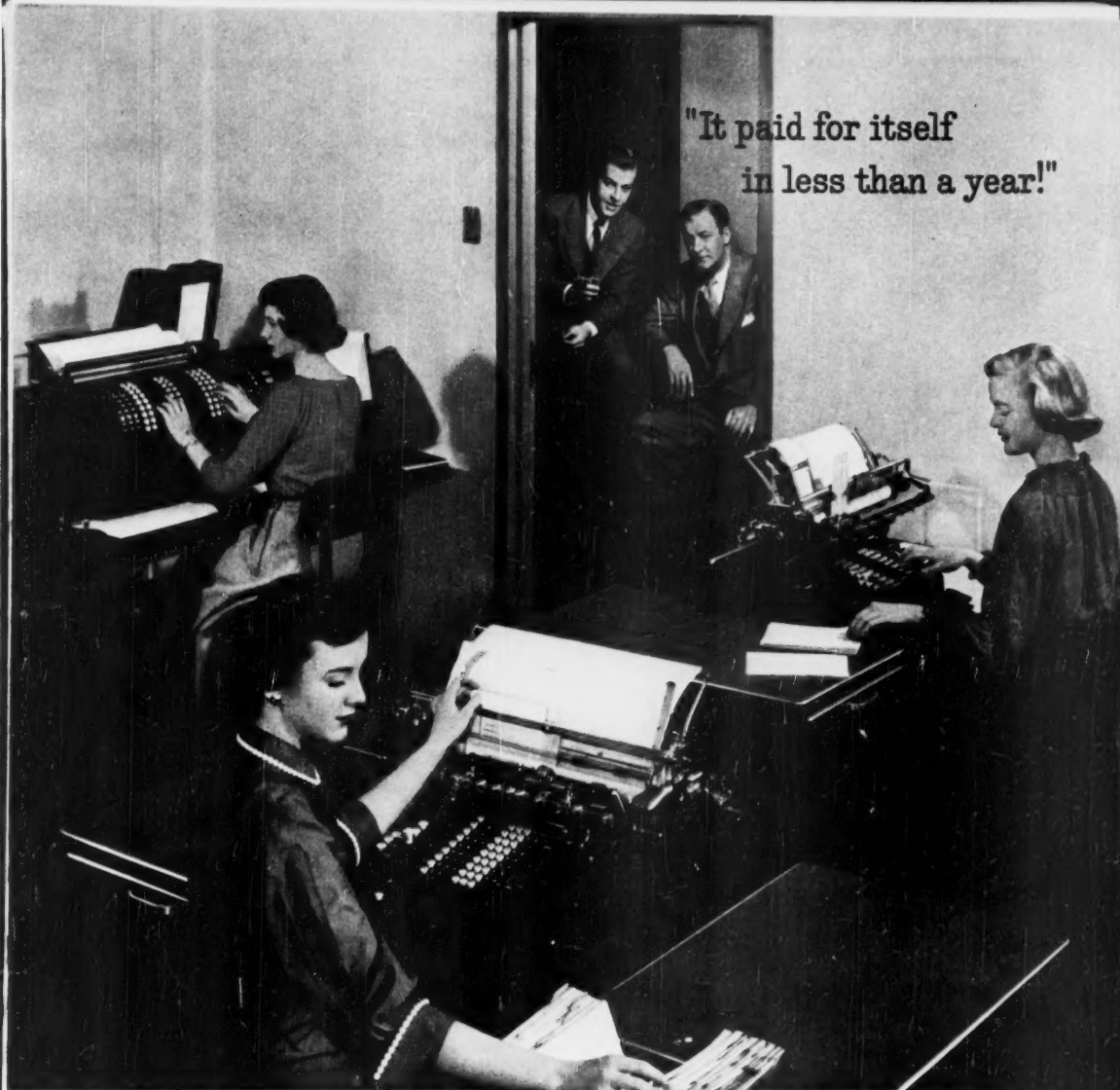
His models work on straight commission. Twitty won't say how much. But he did allow that they make anywhere from \$81 up a week.

• **Distribution**—He does his own jobbing and distributing. His trucking equipment consists of one truck, a few suburban delivery wagons, and his own 1949 Cadillac.

About 90% of his orders are flown to his customers from coast to coast. But no matter how he ships his merchandise, the receiver pays the freight.

The J. L. Hudson Co. in Detroit flies its own plane into the Teterboro airport, New Jersey, once a week for its order of Curley products.





"It paid for itself  
in less than a year!"

# NATIONAL MECHANIZED ACCOUNTING SAVES TIME, MONEY, AND EFFORT\*

You get more work done...better...faster. Down go clerical costs. Down goes overtime!

On some jobs National Accounting Machines do as much as two thirds of the posting *automatically*—with no chance of human error, and a great saving in effort.

No wonder National Mechanized Accounting pays for itself quickly—often within a year—and then goes

on paying you year in and year out. No wonder it makes hand-accounting in the office as out of date as hand production in the factory!

Why not find out what the saving power of National's *exclusive combination of advantages* can do in your business. Your local National representative — a trained systems analyst — will gladly tell you in detail without cost or obligation.



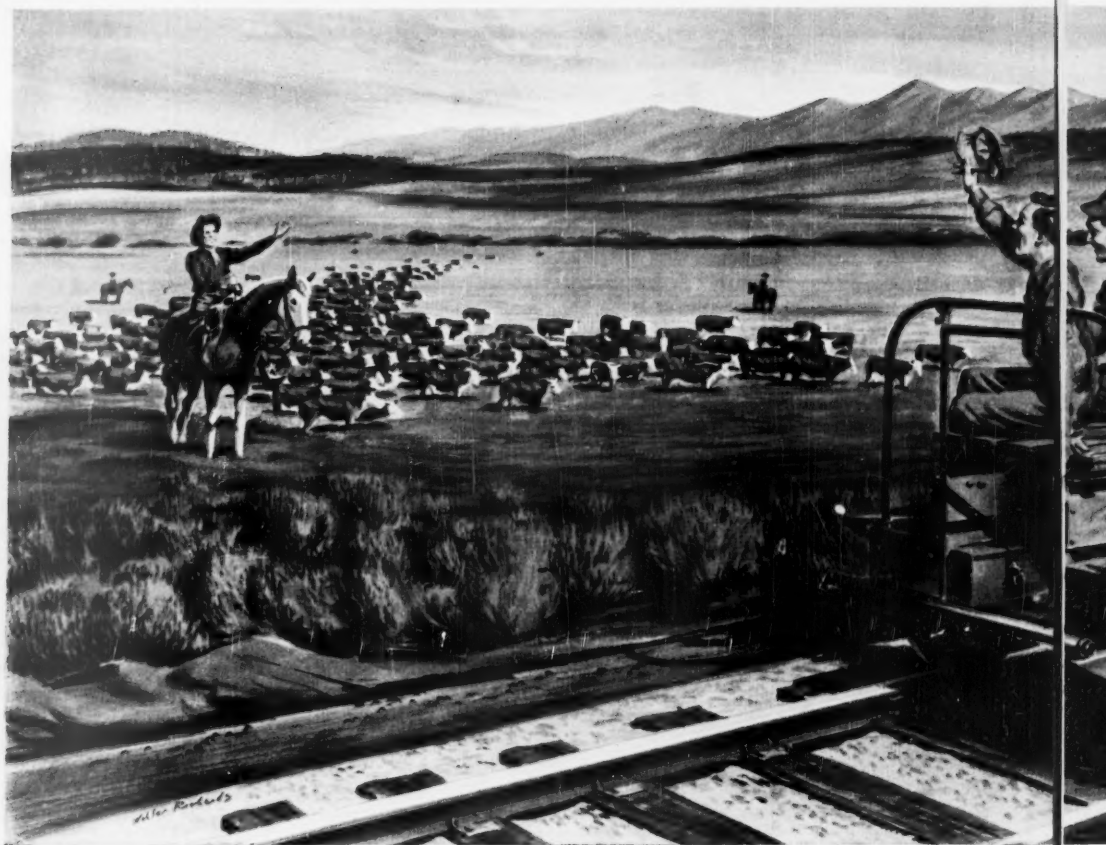
\*Get this **FREE** 20 page booklet, "How to Save Money on Your Bookkeeping," from your local National representative, or write to:

**THE NATIONAL CASH REGISTER COMPANY, DAYTON 9, OHIO**

*National*

ACCOUNTING MACHINES  
CASH REGISTERS • ADDING MACHINES





## They've been working on the road Eight Times Longer Than Ever Before!



**Maybe you haven't noticed,** but the old-fashioned handcar propelled by human pistons has virtually vanished from the railroads. Today section crews travel to jobs, without lifting a hand, on sturdy little motor-driven cars like that pictured above—yet the change from muscle-power to gasoline was not as simple as you'd think.

**Nub of the problem** was how to deliver power from engine to axle without bulky transmission gears, in the narrow space between car floor and roadbed. Belts seemed to

be the answer, so the first motorized handcars were driven by conventional cut-length belts, laced together around the pulleys.

**They couldn't take it**—the idea was good but the belts lasted only for a few thousand miles. Under constant exposure to rain, snow, winter cold and summer heat, the conventional-type belt weakened, stretched, slipped. Fasteners pulled out quickly. At last the G.T.M.—Goodyear Technical Man—was called in.

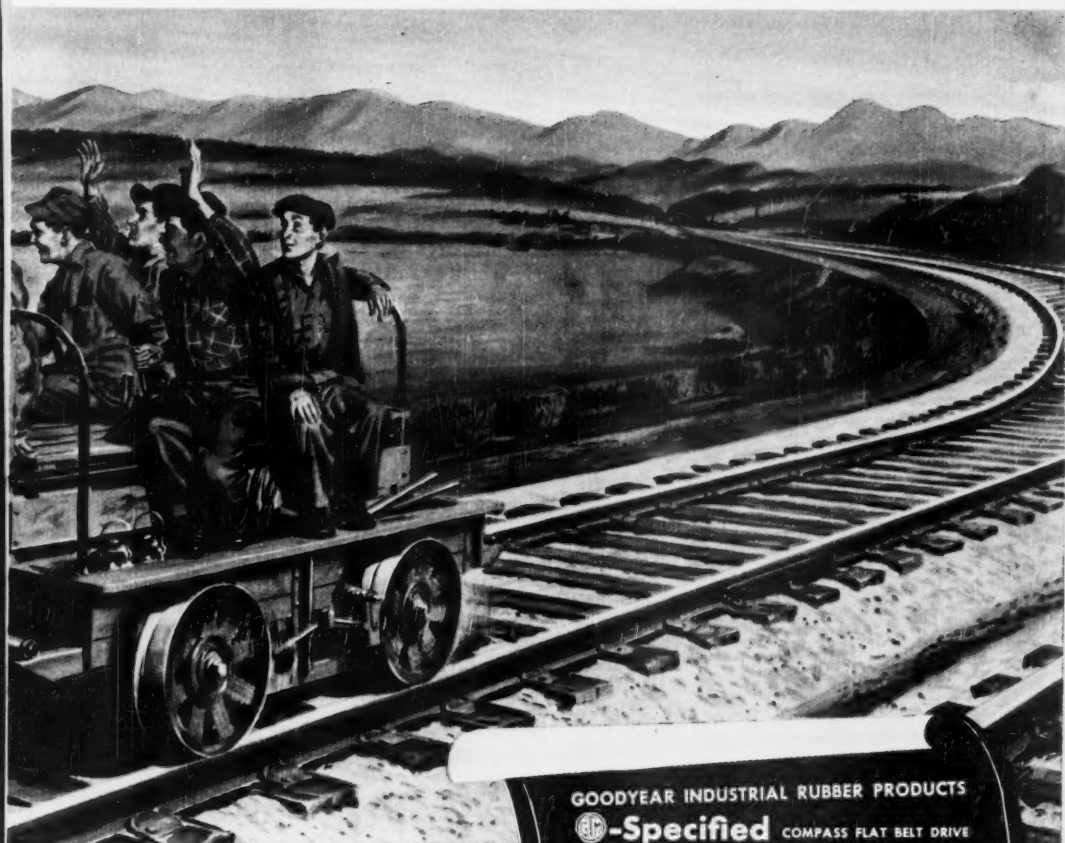
**Prescription: Compass endless.** After thoroughly studying the

problem, the G.T.M. recommended that these drives be equipped with Goodyear's famed COMPASS Cord Belt. Custom-made to fit the job, it is truly endless—requires no splice, lacing or fasteners. And that was it—today COMPASS driven motorears are averaging 70,000 to 80,000 miles service per belt—*8 times longer than conventional belts.*

**This longer service, without break or slippage,** compared with conventional plied-up belts, is explained by the patented COMPASS construction in which a single plane of truly-endless cords carry

the l...  
capac...  
attest...  
perfo...

**If you** will...  
trans...  
gasol...  
drive...  
will p...  
Good...  
write



e railroad  
!

the load. The result is greater load capacity and far longer flex-life, attested by COMPASS' outstanding performance on every type of drive.

If you're looking for a belt that will give you dependable power transmission — on anything from gasoline cars to mammoth "killer" drives on industrial machinery — it will pay you to ask the G.T.M. about Goodyear COMPASS Flat Belts. Or write: Goodyear, Akron 16, Ohio.

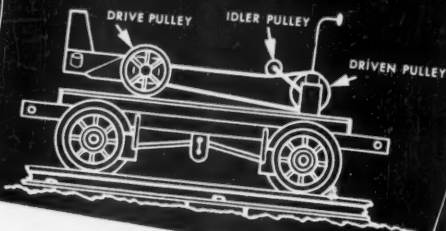
GOODYEAR INDUSTRIAL RUBBER PRODUCTS



-Specified

COMPASS FLAT BELT DRIVE

for gasoline-powered railroad car



FOR HOSE, FLAT BELTS, V-BELTS, MOLDED GOODS,  
PACKING, TANK LINING built to the world's highest  
standard of quality, phone your nearest Goodyear  
Industrial Rubber Products Distributor.

**GOOD YEAR**

Compass—T.M. The Goodyear Tire & Rubber Company

THE GREATEST NAME IN RUBBER



TALK OF the building field is the made-to-order advantages of Bundyweld® Steel Tubing for radiant heating, including its durability, ease of fabrication and low cost. This is just one more example of where a simple application of Bundy is helping someone hit the jackpot.

## Idea for warming up home owners



**Radiant heating** has hit the building field with a bang!

Builders praise its low cost and finer performance . . . and buyers are pleased as punch with its modern features and their snug, warm houses.

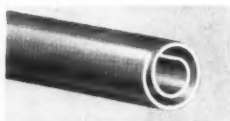
Growing almost as fast as radiant heating itself is the idea of using Bundyweld® Steel Tubing in these wonderful systems. For Bundy's advantages read like something custom-designed to a contractor's specifications.

It's the only tubing that's double-walled from a single strip. This unique construction permits thinner walls, hence maximum heat conductivity. Extra-strong and durable, it withstands knocks and dents on the job.

### WHY BUNDYWELD IS BETTER TUBING



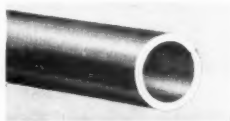
Bundyweld Tubing starts as a single strip of basic metal, coated with a bonding metal.



It is continuously rolled twice laterally. Walls of uniform thickness assured by close-tolerance strip.



Bonding metal is completely fused to basic metal. Finished tube is strong, ductile, free from scale.



Standard sizes up to 2" O.D., in steel (copper or tin coated), Monel or nickel. Special sizes available.

More, Bundyweld is easy to form on the job, eliminating expensive bending fixtures and cutting down on time and labor in installation. It's more easily soldered and silver-brazed. Finest feature of all, *the price is low!* Available for immediate delivery in 20-foot lengths with expanded ends, in sizes up to 2 1/8" O.D.

For additional information on the use of Bundy for radiant heating, and for help on a possible use of tubing in *any* field, just call or write: *Bundy Tubing Company, Detroit 11, Michigan.*

## BUNDY TUBING



## READERS REPORT:

### Marchant's Sales Volume

Sirs:

We should like to call to your attention an unfortunate mistake in a reference to Marchant Calculating Machine Co. in your article about the office-equipment industry [BW—May 28 '49, p.65].

You stated that "Marchant's net sales in 1947 stood at \$1.2 million, in 1938 they were \$423,399." Actually the figures you quoted in both instances should have been identified as net profit and not "net sales."

Since one purpose of your article apparently was to illustrate the growth of companies in the office equipment group in the last 10 years, we are glad to supply you with the correct figures for Marchant Calculating Machine Co. both for sales and net income. Sales for 1948 were approximately \$18-million compared with \$3.5-million in 1938. Net income for 1948 (instead of the 1947 figure you used) was \$1,351,689, as compared with \$423,399 in 1938.

In other respects we considered your article an excellent panorama of the office equipment industry and we wish to compliment you on it.

HENRY W. GRADY  
MARCHANT CALCULATING MACHINE CO.  
OAKLAND, CALIF.

• We regret our error in reporting Marchant's profit as its sales. We are glad to set the record straight. The large increase in Marchant's sales does indeed give an impressive picture of the company's growth—as well as that of the whole field of business machines.

### Why We Mechanize

Sirs:

If the statements of William L. Hardy [British foundryman] in the article entitled "Swapping Foundry Problems" [BW—May '49, p.108] mirror the thinking of British industry, it is small wonder that their mechanization runs far behind America's. Mr. Hardy says in one place that the British foundries can't afford to mechanize unless they get profitable long-run orders, and then in another place he states that these same foundries have had so much business since the war that there is no incentive to mechanize. . . .

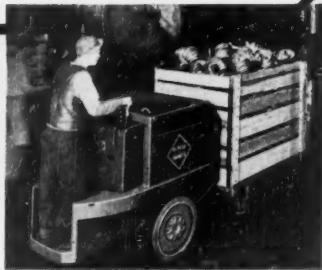
The textile industry today certainly isn't overrun with "profitable long-run orders," yet our company is going ahead full blast with its re-equipment program because we know that the future of any industry depends in the long run on modern, up-to-date machinery. During the past few years when our

# ELWELL-PARKER

## Pioneer and Leader in Industrial Trucks



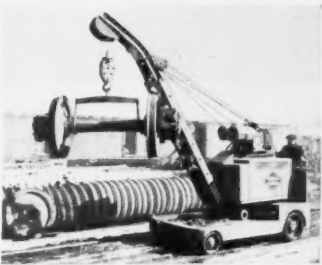
1. The world's first industrial power truck was marketed by Elwell-Parker in 1906. 90% of all Elwell-Parker trucks produced since then are still in use.



2. Elwell-Parker was FIRST to build low lift trucks. They are the least expensive type of power truck and are ideal where floor or elevator capacities are limited.



3. Fork Trucks are another Elwell-Parker FIRST. Used with pallets, fork trucks will high tier loads to the roof to make big savings in time, labor and space.



4. Revolving Cranes were pioneered by Elwell-Parker. They readily handle bulky objects; some of the Elwell-Parker models have telescoping booms for high lifts.

During the past 43 years, Elwell-Parker has furnished industrial power trucks for over 300 industries. Because of this greater experience, Elwell-Parker Truck Systems are engineered to give maximum materials handling efficiency. . . . The 47 models of Elwell-Parker trucks are "tailored" to individual load and product needs by your near-by man.



### FREE BOOKLET

explains Scientific Materials Handling in 44 illustrated pages. Send coupon NOW.

### THE ELWELL-PARKER ELECTRIC COMPANY

4535 ST. CLAIR AVENUE • CLEVELAND 3, OHIO

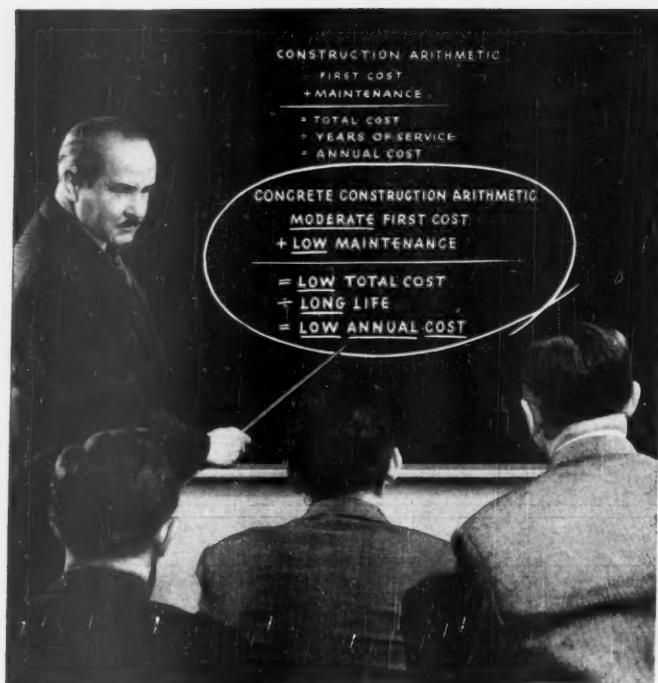
Please send me "Industrial Logistics—  
A Survey For Management".

FIRM \_\_\_\_\_

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_ ZONE \_\_\_\_\_ STATE \_\_\_\_\_



You don't charge off the price of a factory, a machine, an automobile or a house in one year. Instead you add to the original price the cost of all the maintenance and then divide that sum by the years of service that the factory, machine, car or house has given you. The result is the *annual cost*, and that is the important cost.

When you build with concrete you get **low-annual-cost** construction. Concrete lasts longer and costs less to maintain, so actually costs less per year to own. This is true whether you build a modern pavement, a hospital, a school, a factory, an office building, a home, a sewer line or a firesafe barn.

Concrete is the preferred structural material for buildings of all kinds because, besides being economical, it is firesafe, durable and resistant to storm and decay. It is also the modern structural material that can be molded into enduring edifices of great beauty.

So whatever you plan to build be sure to choose concrete for its firesafety, durability and **low annual cost**.

## PORTLAND CEMENT ASSOCIATION

33 W. Grand Avenue, Chicago 10, Illinois

A national organization to improve and extend the uses of portland cement and concrete . . . through scientific research and engineering field work

company had a heavy backlog of orders and thus "no incentive to compete," we were spending millions of dollars on new equipment to ready ourselves for that day of future competition. . . .

The beautiful things Mr. Hardy saw in the American shop windows didn't grow there. They are there . . . because American industry has continually plowed profits back into the plant to get more efficient production and a less expensive product from that production.

If American industry were to pattern its program after Mr. Hardy's, the Socialists would have good cause to take us over, too.

LOUIS F. LAUN, JR.

BATES MFG. CO.,  
LEWISTON, ME.



ELLIPTICAL-WHEEL VEHICLE developed by John F. Kopeczynski (BW—Apr. 30'49, p25)

### Imagine the Ride!

Sirs:

Even though Kopeczynski has overcome the bumpy-bump in that job you pictured [above], the limerick by Gelett Burgess that appeared in *The Lark*, Number VIII, Dec. 1, 1895, seems worth quoting. It ran:

Remarkable, truly is art!  
See—elliptical wheels on a cart!  
It looks very fair  
In the picture up there;  
But imagine the ride when you start.

ROBERT W. SAWYER

THE BEND BULLETIN,  
BEND, ORE.

### DDT Aftermath

Sirs:

I have just finished reading the story, "DDT Aftermath" (BW—May 14'49, p26). Actually, it's like a breath of fresh air coming across a story that is so completely fair and accurate.

A number of other people here at Monsanto have also commented favorably on the general tone of the story.

DAN J. FORRESTAI

MONSANTO CHEMICAL CO.,  
ST. LOUIS, MO.



# SAVE MONEY

and

# MAN-HOURS

when you

# FLY UNITED



It's worth a lot in midsummer weather just to enjoy the cool luxury of an air-conditioned DC-6 Mainliner 300! But even more important are the actual cash savings. Here's an example — typical of many other points on United's route.

#### ROUND TRIP, CHICAGO TO NEW YORK

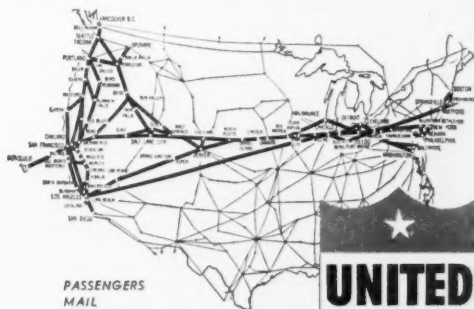
	Extra Fare Train	Standard 1st Class Fare Train	United Air Lines
Fare .....	\$65.40	\$65.40	\$83.80
Sleeping Accommodations .....	21.70	15.50	.....
Extra Fare .....	10.00	.....	.....
15% tax .....	14.57	12.14	12.57
Meals .....	7.50	7.50	Meals at mealtimes at no extra charge
<b>TOTAL .....</b>	<b>\$119.17</b>	<b>\$100.54</b>	<b>\$96.37</b>

Figures above include roomette on extra fare train, lower berth on standard first class train; plus dinner at \$2.50 and breakfast at \$1.25 each way.

Then consider the saving in time! From your home office you or your employees can fly United to one of many cities and return the same day. Or, you can save several days on a cross-country trip.

United is the only airline offering direct service between the industrial East, the great Midwest, all the Pacific Coast, and Hawaii. Delicious Mainliner meals are included in your fare, with no tips or other expenses aloft.

Why not have a United representative call and show you specific travel savings? Or, for reservations, call United or an AUTHORIZED TRAVEL AGENT.



PASSENGERS  
MAIL  
EXPRESS  
FREIGHT  
PARCEL POST



This soft rubber printing roll  
makes  
all

**Elliott**  
ADDRESSING  
MACHINES

SILENT  
and  
SAFE  
to  
operate



Your metal address plate cabinets will hold twice as many addresses when you use Elliott non-metallic address cards.

And your metal address plate embossing machine can be sold because addresses are stenciled into Elliott address cards by any typist with any standard typewriter.

Write us, to learn of other savings in your Addressing Machine Department.

**Elliott** ADDRESSING  
MACHINE CO.

151-N Albany Street, Cambridge 39, Mass.

Established 1898 • Rated A.A.A.-I

Our booklet describes 28 models, \$45 to \$18,000

THE  
AMERICAN  
APPRAISAL  
COMPANY



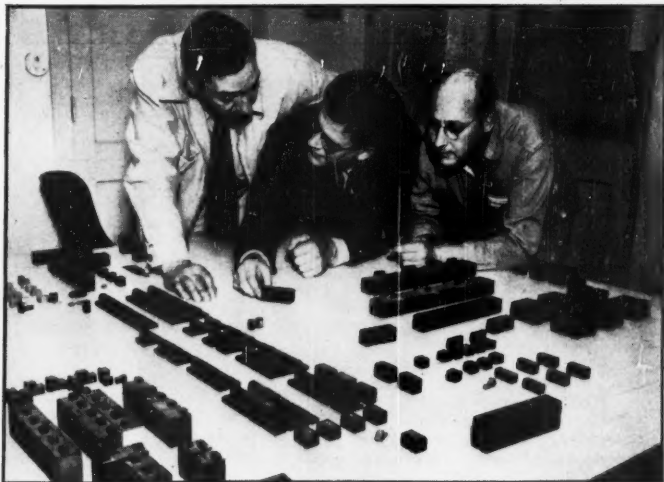
Valuations  
Property Records  
Replacement  
Reserves

Over Fifty Years  
of Service

## PRODUCTION



RANK-AND-FILE employees worked shoulder-to-shoulder with engineers to plan cost-cutting modernization at Rueping Leather Co., Wisconsin tanner. They sifted hundreds of ideas. Also, on their own time, workers built . . .



WOODEN MODELS of equipment, which were switched around to get optimum layout efficiency and thus provide for easiest movement of leather through various processing stages. Rueping's plant-modernization experience proves that . . .

## Labor Can Help You Cut Costs

When you're casting around for ideas on how your plant can be modernized to cut production costs, don't neglect one important source of know-how—your labor force. Veteran employees, who have worked for years on a process, can often suggest improvements in machinery, handling, or plant layout that will pay off in dollars as well as improved labor relations.

Right now, up at Fond du Lac, Wis., Fred Rueping Leather Co. is in the

midst of a modernization program worked out by plant engineers and plant employees. Hodge-podge, expensive production is gradually being replaced by in-line techniques, bolstered with modern materials-handling equipment. It's being done without interrupting leather-making activities or disturbing sales and deliveries. On the following pages, "before-and-after" pictures show how costs are being cut and working conditions improved by the new setup.

## New Power for America

One of a series highlighting the  
vast expansion program of the  
electric utility industry



**East Central States  
spend \$1,760,000,000  
for Power Expansion**

Post War Installations of  
**C-E STEAM GENERATING UNITS**  
Completed or now in process for  
East Central Utilities

**WISCONSIN ELECTRIC POWER COMPANY**  
Port Washington Station

**THE CONSUMERS POWER COMPANY**  
B. C. Cobb Station

**THE DETROIT EDISON COMPANY**  
Marysville Power Station  
Trenton Channel Power Plant

**CENTRAL ILLINOIS PUBLIC SERVICE CO.**  
Meredosia Power Station

**COMMONWEALTH EDISON COMPANY**  
Calumet Station

**ILLINOIS POWER COMPANY**  
Havana Power Station  
Wood River Power Station

**UNION ELECTRIC COMPANY OF ILLINOIS**  
Venice Plant No. 2

**INDIANAPOLIS POWER & LIGHT COMPANY**  
Harding Street Station

**PUBLIC SERVICE COMPANY OF INDIANA**  
Dresser Power Station

**THE CINCINNATI GAS & ELECTRIC COMPANY**  
Clermont Station

**THE CLEVELAND ELECTRIC ILLUMINATING CO.**  
Avon Power Plant

**THE DAYTON POWER & LIGHT COMPANY**  
O. H. Hutchings Station

**THE OHIO POWER COMPANY**  
Tidd Station

**MISSISSIPPI POWER & LIGHT COMPANY**  
Rex Brown Station

**ALABAMA POWER COMPANY**  
Chickasaw Steam Station  
Gadsden Steam Plant

The current astounding expansion of privately-owned electric generating capacity is an example of business achievement that has received less general attention than it deserves. The possibility of post-war power shortages was widely publicized, for emergencies make headlines; that this danger was averted by farsighted preparation and fast action has been given scant notice.

The facts are that by the end of this year the utilities will have expended 6½ billion dollars in a post-war expansion program that to date has kept power production abreast of unprecedented demand, and that by 1951 will have added half as much capacity as was installed in the entire preceding 60-year history of the electric industry.

Noteworthy as this is, it becomes even more amazing when it is considered that

this program is being carried out without passing on the burden to the consumer. For, in spite of the trend toward moderate rate adjustments to meet higher operating costs, the country-wide price of a kilowatt hour is still less than it was in the thirties.

Typical of the vast power expansion now in process throughout the nation is the program of the East Central States. By the end of 1949, this region will have expended nearly \$1,760,000,000 for new generation, transmission and distribution facilities.

In the East Central States as in other sections of the country, Combustion has played a major role in supplying steam generating units for new power projects — having been selected to furnish units that will serve turbine-generators with a combined capacity of more than 2,500,000 kilowatts.



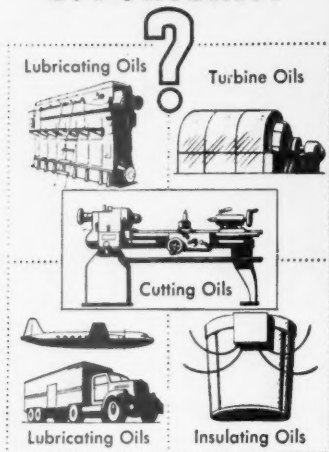
## COMBUSTION ENGINEERING- SUPERHEATER, INC.

A Merger of Combustion Engineering Company, Inc. and The Superheater Company

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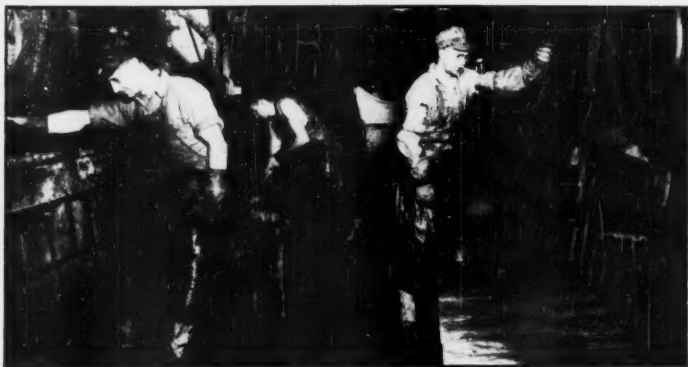
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Address \_\_\_\_\_  
City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

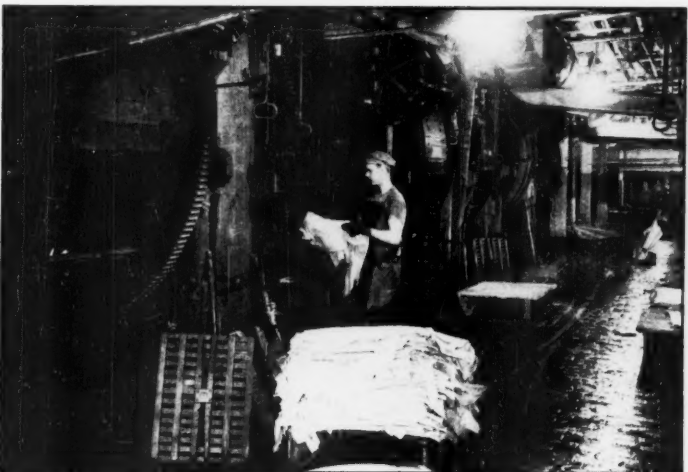
## MODERNIZED TANNERY (continued from page 64)



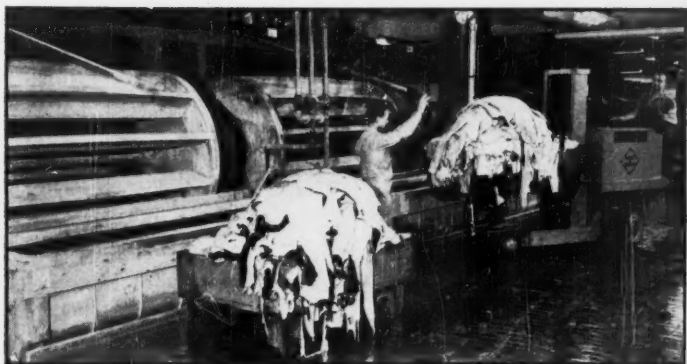
**BEFORE:** Hides must be soaked in lime vats to help give the leather "texture." Old setup was dark, sloppy, backbreaking. No one was anxious to work on that job



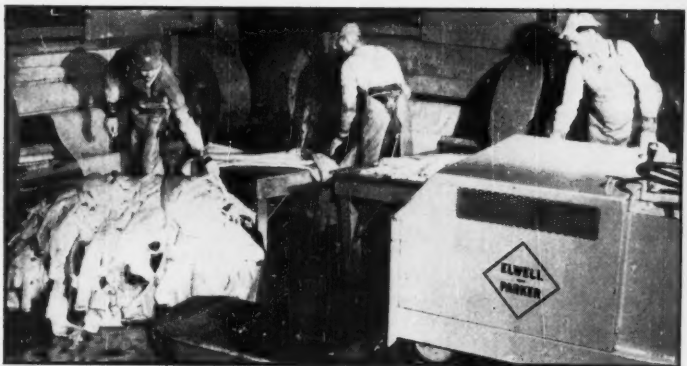
**BEFORE:** Hides have hair on them that must be taken off. Note crowded, dirty conditions, hand-barrow, poor light, unguarded machinery that slowed down output



**BEFORE:** Hides are washed in a big, rotating drum. Old way was to hand-load drums from below. Wet hides are heavy; hand-loading is slow, tough on workers



**AFTER:** Lime-soaking area is cleaner, brighter; workers have more space to move around. Lift trucks replace muscles; leather is handled in batches on skids



**AFTER:** Spanking-new, safe machines are now used for dehairing; are set to provide wide aisles that can accommodate speedy pallet-handling electric trucks



**AFTER:** Drums are now top-loaded from a platform. The heavy skins are loaded in batches. Hoist hooked onto pallets tips it to unload skins (TURN TO PAGE 68)

Emerson-Electric  
24- and 30-inch

**AIR CIRCULATORS**  
... offer giant breeze capacity, trouble-free service. Two-speed, quiet, ball-bearing motor; 4 types of mountings.

Emerson-Electric  
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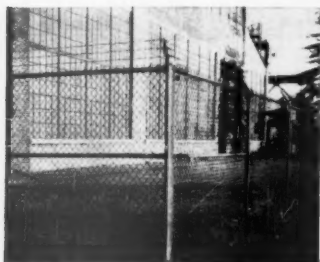
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## MODERNIZED TANNERY (continued from page 67)



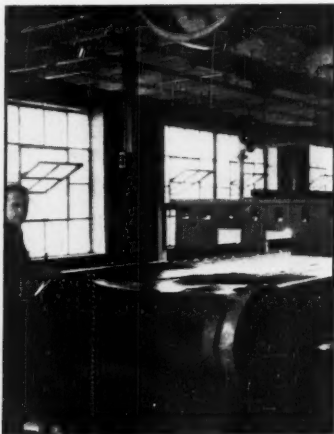
**BEFORE:** Hides are dried on boards. Old way was to slap them on boards on a big frame, then tote the frame someplace to let it dry



**AFTER:** New way of drying is to place skins on glass frames suspended from a monorail, which carries them through oven-drier automatically.



**BEFORE:** Some leathers must be colored. This was done with spray-gun, which was slow, didn't give an even finish, made ventilation a problem



**AFTER:** Coloring is done automatically: Hides pass under series of spray nozzles, are dried by infrared lamps. Rueping has found that its . . .

## Better Methods Pay Two Ways

Remodeling cuts tannery's costs; cleaning up what is normally a dirty, unpleasant kind of work boosts employee morale.

Getting more output out of a plant at lower cost is a major business problem today. It's the kind of problem that has no easy answer, either. So, when you tackle it, it's a good idea to mobilize all the brains and ideas you can find.

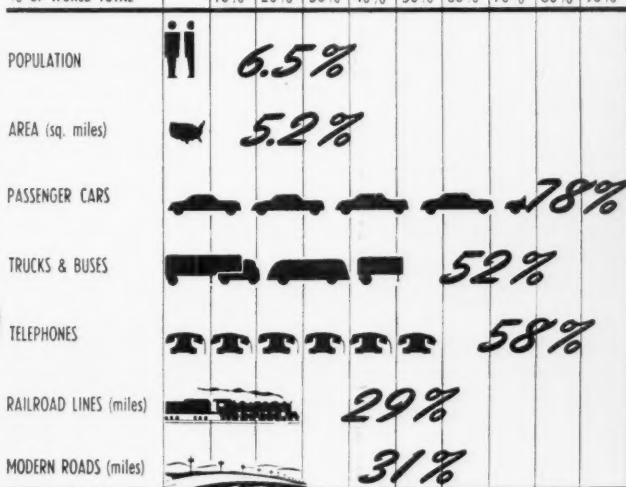
● **Good Place to Go**—One fruitful source of brains and ideas that's often overlooked is the labor force. Your

workers are bound to have money-saving ideas about their jobs. And when they have had a hand in the planning, they understand why the changes have been made, and aren't so likely to resent the gradual decrease in the over-all labor force that may result.

Fred Rueping Leather Co., of Fond du Lac, Wis., has followed that plan in

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With about 1/16th of the world's population, and about 1/15th of the world's natural resources, the United States produces today about one-third of the world's annual output of goods and services.

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"It's such a normal thing to send a letter Air Mail, today. But I remember when I peered at the sky to see the first mail planes fly over. Some of those dauntless little ships, facetiously referred to nowadays as 'crates,' were rustproofed against moisture even then by Dearborn's chemically inhibited NO-OX-ID. Rust preventives with chemicals to kill rust 'under the skin' as well as on the surface are growing in number. But NO-OX-ID's chemical inhibitors were already doing their stuff on sensitive metal control parts 25 years ago."

...The Traveler

MEMO: NO-OX-ID, the original chemically inhibited rust preventive, gives long-term corrosion protection to metal equipment and parts in use, transit, or storage. Coatings mechanically exclude moisture, oxygen; chemically inhibit underfilm corrosion.

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its modernization program, now nearly complete. Clayton F. Van Pelt, president, is chief mobilizer; he has been recruiting employee know-how to help his engineers plan improvements. And the idea has paid off (pictures, starting on page 64).

• **Benefits**—When you tackle a modernization job that way, you come up with some unusual plusses. Here's what the program—so far—has meant to Rueping:

(1) Production has not been interrupted at all; sales have not decreased during the gradual changeover, which has been going on for over a year.

(2) Plant space has been saved. The sprawling layout of machinery and other equipment was once scattered over five floors. Tannery work is sloppy, requires huge vats, big machines. Aisles are generally almost nonexistent. Yet the new layout is clean, wide-aisled, brightly lit. Despite this, the whole setup is now concentrated on two floors served by a single central elevator. That means better materials flow, cuts space requirements from 400,000 to 300,000 sq. ft.

(3) Labor requirements will eventually be cut 25%. Van Pelt will accomplish this via retirements and normal voluntary severances; he won't push people out because mechanization has increased productivity.

• **Dirty Job**—Rueping is one of the two largest companies in Fond du Lac. For years it has had a tough time keeping its employee-rolls filled; nobody wanted to work in a tannery. When Van Pelt, a former circuit-court judge, took over, he set out to do something about modernizing the tannery business, traditionally a slow and sloppy process.

He called in a group of veteran employees, most of whom had 15 years service in the company; named them a planning committee. The committee, working with Paul D. Kroes, production manager, asked the 600 employees in the plant for suggestions on how the setup could be made more workable.

Armed with a stack of ideas, the committee went to work, even on nights and week ends. One member used his cellar workshop to produce scale models of the suggested machines, to shove around in conferences on layout. The committee made two production plans—and scrapped both—before it recommended the setup that is going in today.

• **On Two Floors**—That new plan demanded straight-line materials handling and processing. So the five-story production setup had to be remodeled into a two-story affair. Old construction was torn down, and departments rerouted one by one as new construction went up. Principal aim: Don't interrupt production.

In the new layout, raw hides and materials for tanning come in one end of the plant at an inclosed train shed that holds six freight cars at one time. They

proceed gradually across the first floor; back across the second floor; end up at the train shed again.

Lift trucks and overhead monorail conveyor systems were adapted to the processing; new machinery was bought. Worker comfort was helped by liberal use of glass-block windows, higher ceilings, better lighting.

• **Committee Goes On**—Van Pelt and his company executives are very happy with the new setup. And now that the job is almost finished, Van Pelt isn't giving up on his employee-manned planning committee; it will continue to function, and will report regularly on what workers in the plant think about the new setup and new machinery, what they can suggest in the way of further, business-helping improvements.

## Zirconium Research Adds Hafnium Data

The Bureau of Mines' experiments to reduce metallic zirconium to a pure state have thrown some light on hafnium, another rare metal.

• **Trouble Maker**—Hafnium occurs in zirconium as about a 2% impurity. So far bureau researchers have brought metallic zirconium to about 98% purity. But removing the remaining 2% of hafnium has given them trouble.

The metallurgists haven't as yet isolated enough hafnium to test thoroughly its properties. But they know the metal is heavy and they think it probably has the same properties as platinum. Its ability to withstand corrosion may be even better than zirconium, they say.

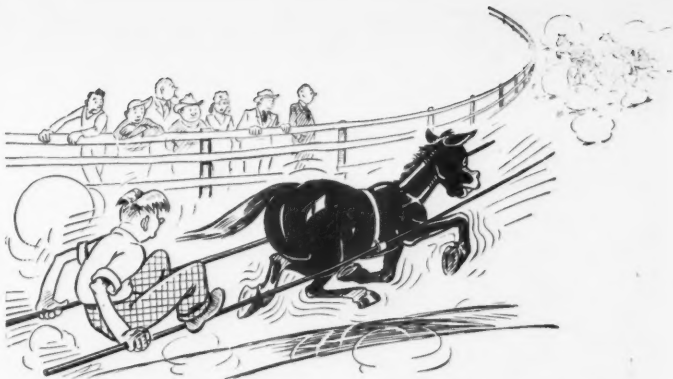
• **Zirconium**—Metallic zirconium, according to current figures, is twice as strong as mild, work-hardened steels, but it is only three-quarters as heavy. It will hold its strength up to 1,100°F. Isolation of hafnium may mean a completely new set of characteristics for zirconium as well as for hafnium itself.

## HUNTER SCHOOL A SUCCESS

This week, Hunter Spring Co. took time to check up on results of its quality-control and spring-design courses for industry (BW—Aug. 28 '48, p. 40). Hunter started the courses last spring. Its aim: promote better spring design and use; make industry more quality-conscious.

Hunter finds that it has "educated" 231 men from 72 different companies. The students had titles ranging from chief engineer to inspector. The quality-control course was repeated 20 times; the design course, eight times.

Hunter believes the courses have not only built goodwill, but they have also helped upgrade spring design. The company plans to continue the courses.



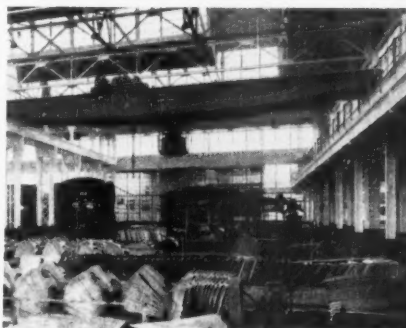
## THE HORSE THAT CAME IN LAST

**E**VEN the best race horse wouldn't have a chance hitched to a travois. Nor does a plant that uses out-of-date, ill-adapted materials-handling equipment.

When your competitors are using "sulky" methods, there is only one way to stay in the race. Use the most efficient equipment and methods you can buy.

Whiting Overhead Traveling Cranes are individually engineered to their jobs—with speeds, capacities, and construction carefully selected to handle the required work. That is why Whiting Cranes have established a reputation for long life, minimum maintenance, and modest cost. Ask Whiting to quote on your next crane.

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## PRODUCTION BRIEFS

**Mine-roof "sky-hooks,"** made by Oliver Iron & Steel Corp., Pittsburgh, tie together several layers of slate or rock so that the roof will support its own weight. The anchoring bolts (about 4 ft. long, 1 in. in diameter) are fed into holes drilled up through the mine roof.

**Low-priced paraformaldehyde** in flake form is being produced in large quantities at Celanese Corp.'s Bishop (Tex.) plant. Its low water content means lower production costs when it is used as a substitute for formaldehyde in thermosetting plastics, says Celanese.

**Fire-prevention methods** in four representative Pennsylvania coal mines are explained in the Bureau of Mines' Information Circular 7498. It puts emphasis on selecting and training crews for emergencies. Write to 4800 Forbes St., Pittsburgh 13.

**New fiberboard container** is being used by Reynolds Metals to ship aluminum nails. Gaylord Container Corp.'s Drumpak is an eight-sided corrugated box. Flaps on top and bottom covers fold against container's sides, are locked together with steel stripping.

**How to make photo copies** of engineering drawings is covered in a 72-page handbook by Eastman Kodak Co., Rochester 4, N. Y. The book costs 50¢; shows, with the aid of diagrams, ways to copy drawings, restore originals.

**Soil mixed with cement** will get a try-out as a road base on a \$110,000 job in Norfolk, Va. Engineers will use about 12% cement with the soil, will surface with asphalt. Estimated saving: \$10,000.

**Guide for young engineers** is off the press. You can get a copy (\$1) from the Engineers Council for Professional Development, New York 18. Author: the late Dr. William E. Wickendamm, former president of Case Institute of Technology.

**Economy in production** will keynote the National Metal Congress & Exposition at Cleveland's Public Auditorium, Oct. 17 to 21. It will feature new trends in metals processing and fabrication. Register through the American Society for Metals, 7301 Euclid Ave., Cleveland 3.

**Johns-Manville Sales Corp.** is turning production of its Flexboard over to H. K. Metal Craft Manufacturing Co., New York 34. Output of the asbestos-fiber cement board will go to original equipment manufacturers that contract for ready-cut stampings.





## **This is no picnic for steel**

A thick, juicy steak, sizzling fragrantly on a charcoal grill, highlights fun at the end of a busy week at the office. But to the steel in the grill it's punishment.

Perhaps you have seen what happens to ordinary steel grills. First the heat burns off the finish and then the steel corrodes. The next time the grill is used it's rusty and unsightly. But the new grills made of ARMCO ALUMINIZED Steel resist both heat and rust, and stay attractive through many summers.

ALUMINIZED Steel was developed by ARMCO Research to provide a steel that would resist heat and reflect it better. The aluminum is not just painted on; it is actually *bonded* to the steel.

ALUMINIZED Steel is being used by leading manufacturers for car mufflers that generally give twice the life of those made of uncoated steel . . . for reflectors in radiant heaters . . . and for many other industrial and household products where heat- and rust-resistance are important.

This is only one of the many special-purpose steels perfected by Armco to help manufacturers create products that keep their good looks and serve longer. The Armco triangle on a product means the maker has used one of these special steels to give purchasers better value and satisfaction. This is why many ask to see this famous trademark when they buy.

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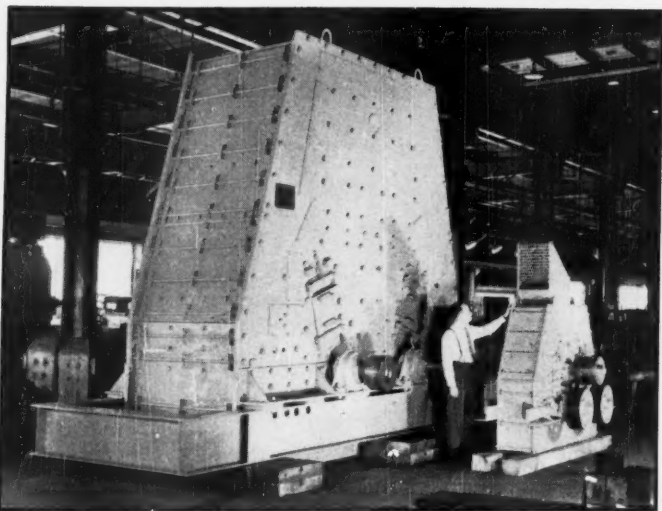
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## NEW PRODUCTS



### Baby Rock Crusher

A midget stone breaker (picture, right) is in production at New Holland Mfg. Co., New Holland, Pa. The 4-ton model is the smallest ever made to break stone completely by impact in mid-air, the company says.

The breaker can handle rock and gravel small enough to pass a 12-in. square opening. Stone fed into the breaking chamber is caught in mid-air by two whirling half-ton impeller wheels. The impellers keep the pieces smashing against breaker bars until they are reduced to the required size.

The 57-ton breaker (picture, left), introduced last January, handles rocks up to 50 in. in size, breaks them down for reduction in the smaller model.

• Availability: four weeks.

### A. C. Meter

Clamp-type meter, designed by Weston Electrical Instrument Corp., measures alternating currents and voltages without interrupting electrical service along a power line.

Current measurements are made by placing heavily insulated clamping jaws around the conductor. The jaws open or close by squeezing a trigger on the holding handle. They will accommodate conductors, bare or insulated, up to 2 in. in diameter.

Voltage measurements are made by connecting a set of leads to the line, and to screw-type terminals recessed in the side of the meter. The leads supplied with the meter are 6 ft. long; they are tipped with spring clamps for connection to the line.

A thumb-operated switch on the holding handle switches the meter to either current or voltage measurements. There are five current ranges up to 1,000 amp., three voltage ranges up to 700 v. The meter has an accuracy within 3% of full-scale range when used on frequencies between 50 cycles and 70 cycles.

Motor-starting currents are measured with an additional pointer stop mounted inside the meter. The company is at 617 Frelinghuysen Ave., Newark 5, N. J.

• Availability: immediate.

### Arc Welding Holders

General Electric has another series of electrode holders for inert-arc welding processes. Five of them are for manual welding, one for machine welding.

Manual holders are available in ampere ratings of 100, 200, 400, and 800; the holder for machine welding comes in ratings of 400 and 800. All models are water-cooled except the 100-amp. size, which is cooled by air.

The holders come with 20 ft. of cable—enough to make operation reasonably mobile without losing too much power in the lead.

All models operate on a.c. or d.c. They are designed for easy connection to G.E.'s WP Inert Arc welders. One connection does the job of hooking up the power and water cooling systems at the same time. When the holders are used with d.c. or a.c. welders, a universal connection block takes care of odd-size connections.

The company recommends the holders for welding "difficult" metals such as aluminum, magnesium, stainless steel,

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and copper. It says that they will do the job without flux and at the same time leave no oxidation around the welded joint.

• Availability: immediate.



### Seal Stamper

Employees in municipal and business offices will be able to do a faster job of embossing official seals with an electrically operated Protectograph Seal Embosser, says the manufacturer, Todd Co., Rochester, N. Y.

The touch of a finger tip on the machine's operating button makes a clear-cut impression of the seal you have in the machine. This does away with the usual time-consuming hand-operated embosser; speeds up large volumes of work, says Todd.

A system of double locks, with one key for the executive officer and one for the employee, prevents unauthorized use of official seals.

• Availability: immediate.

### Stock Strip Feeder

Feeding strip-metal stock to multi-press hydraulic presses may be speeded up with the Harmonic Stock Feed accessory, Denison Engineering Co., 1160 Dublin Rd., Columbus, Ohio, developed it.

You can adjust the rate at which the unit feeds stock into the press to the type of material and dies you're working with. Speeds from 66 to 838 punching-cycles a minute are possible, within the limits of the punching equipment.

Top rate of feeding stock up to 3 in. wide and 3/64 in. thick is 3 in. a stroke. The device's feeding motion is synchronized with the motion of the ram of the press. The machine is said to maintain an accuracy of plus or minus .002 in.

If there's a pile-up of material at the punching die, neither the press nor the dies would suffer any major damage. The strip stock is held firmly by an ad-

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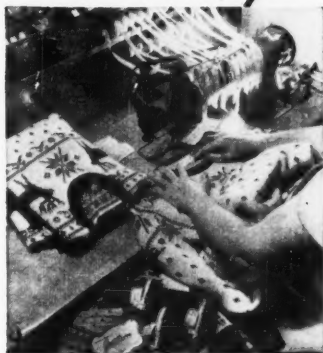
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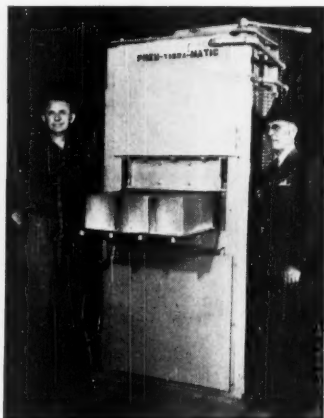
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justable mechanism that allows it to be fed forward only. Straightening rolls are an optional accessory.

• Availability: immediate.



## Automatic Block Maker

Crawford Industries has brought out another automatic machine that makes cement blocks.

The machine operates pneumatically; there are no gears or shafts to wear down and cause variations in the molding operation. Heavy stabilizers cushion vibration. You can count on a steady flow of fully compacted, even-density blocks and bricks, the company says. An inexpensive, replaceable liner protects the mold against wear.

Adjustable stops (4 in., 6 in., and 8 in.) will keep block heights to tolerances within .01 in., tests made by the company show.

The machine turns out 8x8x16-in. cement blocks at a clip of 12 a minute. You can run it without an operator if you have to. The company is at 1100 E. Second St., Pomona, Calif.

• Availability: four weeks.

## P. S.

**Self-contained lubricator** for conveyor systems automatically greases each trolley wheel. Amount of grease is adjustable. Release lever puts lubricator out of service. The manufacturer: J. N. Fauver Co., 49 W. Hancock St., Detroit 1.

**Paint compound** increases the amount of paint recovered in paint-spray booths that use the overspray system (overhead sprinklers that wash excess paint off the walls of the booth). The compound, called Number One, coats each particle of paint on the wall with a nonvolatile solvent. It keeps the particles from sticking, washes paint down to the water recovery tank. The company is at 9301 Rosclawn Ave., Detroit 4.

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*"Give us the tools..."*

## YOUR ONLY CHANCE of Getting Ahead

**Where is the "brave new world" so glowingly promised us by the politicians during and after the war? We were told then that postwar America would live 50% better than it had before. Why has that promise faded out? Why are men today discouraged and frustrated?**

We have not yet made good 1944's promises because the *American worker turns out no more in an hour now than he did in 1941*. We are getting more total production in our country — but only because we have more people working. Not because each one of us is producing more. American industry's ability to turn out more and more goods — with less of each worker's time and effort — has been stymied for eight long years.

Progress has been blocked because in some cases workers have not been willing to work as hard as they did before the war. In other cases unions restrict the use of labor-saving machines and methods. In some places obsolete building codes and ordinances prevent advances. In still other cases progress has been blocked by collusive practices between unions and manufacturers or operators.

**But the biggest block to progress is the fact that our industry in the United States has been unable to provide our workers with all the new tools and equipment that they need.**

Increasing productivity — that is, each one of us turning out more in each hour of work — is the key to higher living standards. Productivity depends directly upon the kind of tools workers use.

His tools, more than anything else, determine how much a worker can turn out; and what his paycheck will buy depends in large part on what he turns out—not on how long or how hard he works.

Look what happened in our country in the forty years from 1900 to 1940. Productivity of the United States *more than doubled*. It doubled because:

*Business investment in capital equipment gave workers new tools—tools that had three and one-half times as much power—*

*So—Americans' living standard rose almost 50% while the average work week was dropping from 61 to 43 hours.*

Industry did continue to raise its output per man hour, even in the depressed 1930's. But it did it because, with unemployment widespread, companies used only their most efficient equipment. *Actually the great depression saw industry fall far behind in the job of providing workers with new tools.*

Then came World War II. Few new tools for peacetime industry were produced. *As a result of depression and war, the U.S. fell behind in needed investment in new industrial facilities by more than \$100 billion.*

Since the war business has spent almost \$60 billion for new plants and equipment —

But the greater part of that money went to *expand* production to take care of the needs of our bigger population, and to *replace* plants and equipment that were worn out and ready to be junked at the end of the war.

*continued on next page*

Only a small fraction of the \$60 billion went to *modernize equipment* — the equipment that increases efficiency and improves productivity of the individual worker.

*Right now industry is desperately trying to do the job of increasing efficiency of machines so that each worker can turn out more.*

McGraw-Hill's national survey of Business' Needs for New Plants and Equipment shows that manufacturers plan right now to spend in the 5 years ahead three-quarters of their capital funds to replace and modernize facilities. The biggest part of the more than \$55 billion industry plans to spend on its plants and equipment will go directly to improve efficiency of the individual.

If industry can carry through its plans — and expand them as it would like to and as it must do — the U. S. can catch up on its depression-war-time lag in progress within a few short years.

**If American industry is allowed to earn the money to buy the equipment, it can raise the American standard of living 50% in our generation — in the next 25 years. No other nation can promise its people that much — and deliver on the promise.**

*But the promise can only be fulfilled by American industry.* Wherever you turn, industry has dramatic new ways of doing things. Using oxygen by the ton, steel makers are increasing production from blast furnaces by 20%. New high-speed machine tools are doing three times the work of 1940 tools. A new coal-mining machine will multiply a miner's daily output 10 times. Diesel locomotives do the work of three steam locomotives on many jobs.

New products — and larger production of standard products — are already making their impact on American life. Two million Americans will get new television sets this year. Automatic washing machines, electric dishwashers, and home freezers are easing the daily tasks of thousands of housewives. Millions of homes that did not have them before the war now have telephones, automatic heat and refrigerators. Frozen foods, nylon clothing — these and many other things

coming along now — will shape the *real new world* for Americans.

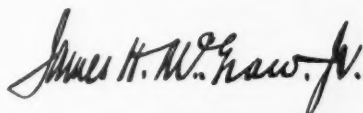
*But industry can provide them only if it can keep on investing at least \$15 billion a year now — and more in future years — in new plants and equipment.*

Today Washington is taking a course which, if pursued, will make that investment by industry impossible. Government spending now strains our resources to the limit, and more multi-billion dollar spending proposals are being piled on. *But government spending cannot improve American living standards.* It never has, and it never will. Increasing government spending *now* will only block progress, because the government proposes to pay for its plans by taxing away the profits industry is using, and must continue to use, to improve and expand its plants and equipment — our only hope for greater worker productivity and higher living standards.

Better living can only be paid for with more production. And we can only get more production by increasing productivity — by each one of us producing more for each hour of work.

The first thing is to get the production — in peace and in war — for better living — for security. Industry is planning to provide it — and is using \$13 billion of its profits this year to improve and expand its facilities.

**The only sensible, the only safe national policy is to make it possible for American industry to do its job — not to terrorize private industry with proposals of ruinous taxation and paralyzing controls and threats of nationalization. For American industry is not a thing apart from the American people any more than is government. American industry is the lifeblood of the American people and whatever makes industry do its work better contributes more to the common welfare than a bureaucratic government can ever hope to do.**



President, McGraw-Hill Publishing Company, Inc.

# MANAGEMENT



**FACTORY BOARD** Foremen and section heads at McCormick recommend changes in plant, new ways to handle material



**JUNIOR BOARD** Young executives hash over major company problems, send their solutions to the board of directors



**SENIOR BOARD** Directors rule on proposals of lower boards. Most of the plans they consider get their O.K.



**COMBINED BOARD** President McCormick, first in middle row, left, sits in on joint meeting which keeps contact among all the boards

## Multiple Management: Top-Executive Seedbed

McCormick & Co.'s plan for upgrading management men assures crop of executive talent. Scheme hinges on junior boards.

You're likely to find more ex-office boys in the board room of McCormick & Co., Baltimore, than you would run into in a bullpen full of junior clerks. Sixteen of the directors on the board today started their climbs from the bottom rungs of the company ladder.

• **From Within**—That's an unusual record. But it's the product of just as unusual a system. Close to 17 years ago, Charles P. McCormick (cover), the company president, put to work a scheme for upgrading management people from within. He called it Multiple Management. Today the plan is solving a problem for McCormick that many companies are still discussing: Where can we get a proven top executive to fill a gap in our management?

• **Travel Blocks**—There's no doubt that there is a definite bottleneck in the sup-

ply of top management men (BW—Oct. 16'48, p19). For one thing, tax rates take the sweet taste out of substantial pay-boost baits. And widespread use of pension plans—and the housing shortage—make good men think a long time before pulling up stakes.

• **Spokesman**—Thanks to Multiple Management, McCormick feels he's in a spot where he needn't worry about executive shortages. The plan has been a success not only for him but for other companies that have copied it. Its record is one of the big reasons why McCormick, at the moment, is in Geneva, Switzerland, as the representative of U. S. management at the conference of the International Labor Organization. This week he will sit down with delegates from 61 nations at I.L.O.'s opening session. For the next few weeks, he

will spend long hours going over plans and proposals to: (1) improve labor conditions; (2) advance industrial stability; and (3) strengthen employment security.

• **Background**—McCormick's policies have seemed advanced to many. But for those who knew the story of his own rise to a top-level slot, they were downright radical. McCormick's climb was the traditional one of the close relative in a family-held company.

McCormick & Co. was founded back in 1889 by Charles' uncle, Willoughby M. McCormick. Under Uncle Willoughby's iron hand the company made steady growth—and made Uncle Willoughby a millionaire. In the early 1920's he built the McCormick building, which still dominates the inner harbor of Baltimore (BW—Feb. 14'48, p46).

Ships from all over the world sailed right up to McCormick's front yard. There they dropped the raw materials



for the spices, teas, insecticides, and patent drugs that made the company famous.

• **Nephew's Role**—Young Charles McCormick came into his uncle's company in 1919, after Navy service. He worked under the older man until the depression. The depression hit Uncle Wiloughby hard. He responded—as many others did—with deep pay cuts, first 25%, then 10%. Then he died.

The directors hoisted young McCormick into the president's saddle at the peak of the panic in 1932. They watched in awe as the 36-year-old newcomer calmly restored the pay cuts. Before McCormick's first year was out, he had pulled the company into the black for the first time in four years.

• **Pump Primer**—The young president's pay hikes set the tone for his whole management philosophy. McCormick likes to call it "intelligent selfishness." It starts with the pump-priming idea: High wages bolster living standards and create increased demand for everything industry makes.

McCormick carried this pump-priming idea a step farther when he set up his Multiple Management plan. He penciled into its draft a profit-sharing arrangement for everybody in the company. Over the last 10 years, it has paid employees \$2 for every \$1 that has gone out to stockholders.

• **Problem Sharing, Too**—But Multiple Management didn't stop there. The plan also gave employees a chance to contribute ideas to improve the business—and help solve its problems. McCormick had learned that you have to give young executives a crack at the really big company problems if you want to ready them to take over top-level posts. He figured, too, that constant challenges to the minds of his staff would be the best way to keep a sharp edge on their thinking.

• **Upper Levels First**—McCormick put Multiple Management into effect near the top of the ladder—at the junior-executive level.

In 1932, he got together 17 of his most promising young executives—at the assistant-department-manager level—and formed a junior board of directors. Their function: to meet regularly, hash out company problems, send up recommendations to the senior board of directors for approval—or veto.

All decisions of the junior board had to be unanimous. (That way, McCormick found that the left and right extremists of the group canceled each other out.)

To give junior executives further insight into management problems, the junior board met with the senior board about once a month with the junior board chairman presiding.

In forming the junior board, McCormick had two main objectives: (1) to

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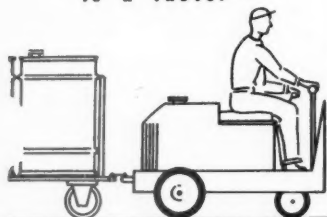
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train executives; (2) to harvest new ideas. And after 18 years of operation, McCormick figures his plan has panned out fine. Multiple Management has provided a reservoir of executive talent through a period of growth that zoomed McCormick sales from \$3,250,000 in 1932 to \$26-million in 1948. By 1935, McCormick had become the biggest spice and flavoring-extract house in the U. S.

• **Roster**—Today, of the 20 members of McCormick's senior board of directors, 16 are ex-members of the company's junior board. Some of the graduates:

John N. Curlett, 43. He began in the stock room in 1932, became vice-president in 1938.

Thomas R. Reid, 35. Reid started in sales and advertising in 1941, rose to vice-president in charge of human relations.

Brooke E. Furr, 41, treasurer. He joined McCormick in 1925 as an office boy.

James F. Welsh, secretary. His climb started in 1923 as a clerk in the credit department.

McCormick feels the record gives him solid backing when he says: "There is now no need for bringing new blood into the organization at the top."

• **Proposals**—As far as new ideas go, the junior board has had a basketful of them. Over the years, it has sent up over 7,000 suggestions for the senior board to consider. A large majority of them were adopted—at great profit to the company. Most spectacular was a plan for bulk and institutional sales, begun in 1947. In its first full year the junior board's plan produced \$24-million worth of business.

But more typical of the junior board's practical thinking is the case of package redesign. Extract sales had been lagging and some junior boardmen had a hunch that the root of the trouble lay in the tall, thin extract bottle that was traditional in the trade.

The junior board voted a consumer survey. Results bore out their hunch.

So the junior board recommended a new design—a wedge-shaped, screw-top bottle with a broad base. It was approved. Housewives were pleased with the change—and extract sales climbed.

• **Factory Board**—From the way the junior-board idea panned out, McCormick figured the scheme could work all the way down to the factory worker.

Misunderstanding is at the root of almost all labor-management troubles, McCormick believes. "Paint the walls to make them more attractive and relieve possible eyestrain, and it will be considered a subtle attempt to take advantage."

McCormick decided that if the order to paint sprouted from the factory floor instead of from the front office it would take root better.

So, one year after the junior board got started, McCormick formed a factory executive board. Its members were mainly foremen and heads of departments in the factory. Like the junior board, the factory board sent up unanimous recommendations to the senior board for approval.

Its batting average, too, has been high. The major share of the board's suggestions has been approved—with profit to McCormick & Co. Some samples of the subjects it has handled: standardization of packages; rearrangement of storage rooms; training of workers; reduction of trucking costs; a factory library; hours of labor.

• **Sales Next**—From the beginning a heavy portion of the recommendations of the junior and factory boards had to do with improved advertising and selling methods. McCormick found most of these were vetoed by the senior board as impractical. The trouble was that the men who had formulated the sales ideas had little or no selling experience.

So the next logical step in the development of Multiple Management was to form a sales board—on an equal footing with the other boards. McCormick staffed it with his general sales manager, advertising manager, district sales managers, and six salesmen. The board has practically all responsibility for merchandising and distributing policies.

The latest addition to the Multiple Management structure is an eight-man institutional sales board. It is made up of representatives who deal with hotels, restaurants, and schools.

• **Test**—McCormick figures a real test for Multiple Management will come at A. Schilling & Co., a coffee manufacturer which he bought out in 1947. Schilling's plant at San Francisco is thoroughly unionized. But McCormick expects no real trouble getting MM started at Schilling; he has already set up a nine-man junior board.

McCormick has never called Multiple Management a blockade against unionism. But it has proved—at least in the Baltimore plant—that it anticipates most of what the worker will need or want, discourages unionization.

• **Others**—Naturally, there has been plenty of outside interest in McCormick's plan. To date, more than 500 companies in 46 countries have made inquiries or adopted the MM plan. Some of them in the U. S.:

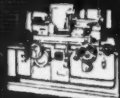
Williamson Heater Co., Cincinnati.  
Bigelow-Sanford Carpet Co., Inc., New York.

Eric Johnston's Washington Brick & Lime Co., Brown-Johnson Co., and Columbia Electric & Mfg. Co., all in the state of Washington.

Apparently a prophet can get honor even in his own home town; latest to adopt the MM idea is the International Bedding Co. of Baltimore.



GRINDING WHEELS



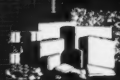
GRINDING MACHINES



REFRACTORIES



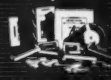
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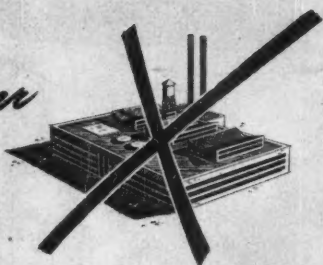
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## AUTOMOTIVE

### Tire Price Cut

Goodyear and Firestone follow Sohio's lead; reduce tires and tubes by 7½%. Others will follow—reluctantly.

Competition is no respecter of costs. That's why the tiremakers are reluctantly following the price-cutting lead of Standard Oil Co. of Ohio.

About three weeks ago, Sohio slashed 19% off the price of its private-brand (Atlas) passenger-car tires and tubes (BW—May 21 '49, p. 21). At the time it was considered practically certain that the big tire companies would have to follow suit.

• **Goodyear Acts**—It was Goodyear that broke the ice. Last week, the company cut the price of its standard tires and tubes by 7½%. That brings the quotation on its 6.00 x 16 casing down to \$14.75 before taxes, from \$15.95. Goodyear also cut 5% off its premium-grade and extra-low-pressure casings.

A few days later Firestone announced similar cuts.

It's only a question of time now before the rest of the companies follow suit. Such a step by the largest producer is bound to affect the entire industry.

• **Vacation Specials**—Before the war, it was common practice in the tire industry to quote lower prices just before the summer holiday season. The return of the practice this year indicates only that conditions are normal—very normal.

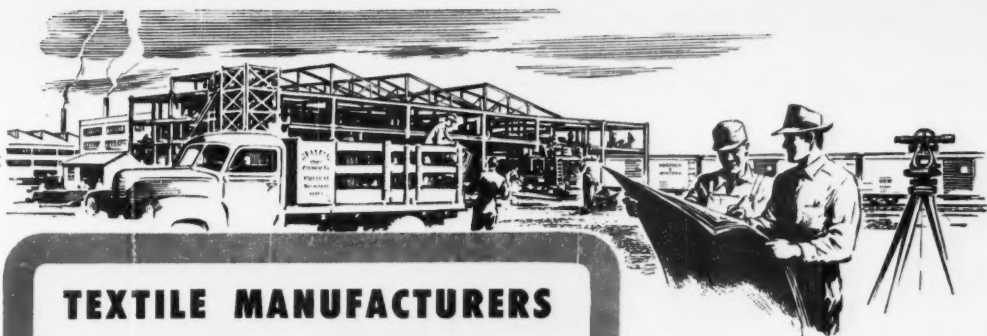
But the manufacturers have been reluctant to cut prices—because, they say, reductions aren't justified today by costs. It's true that crude rubber is now selling for 2¢ a lb. less than synthetic. And other materials are slightly lower. But labor costs are unchanged, and may go higher (BW—May 28 '49, p. 101).

Nevertheless, declining sales—plus Sohio's move—are forcing lower prices.

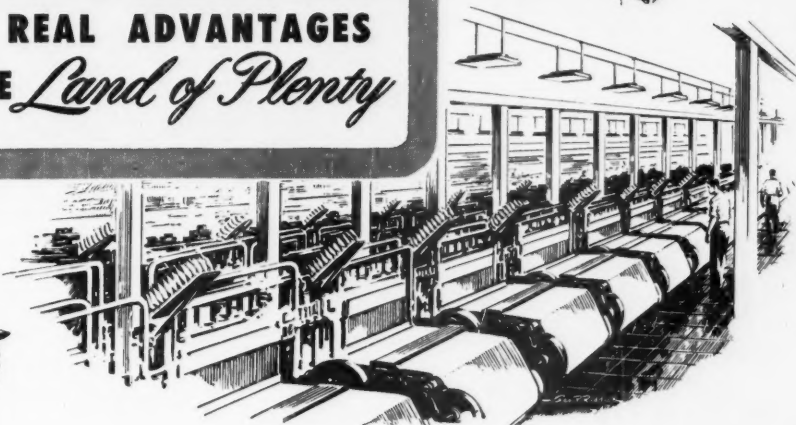
### G. M. JOBS IN BALTIMORE UP

General Motors Corp. will boost employment at its Baltimore plants by about two-thirds on June 20. About 1,300 new workers will be added at the Fisher Body plant; about 700 at Chevrolet. Total payroll after the increases will be just short of 5,000.

G.M. output will be stepped up to 22,000 cars and trucks a month, from the present 12,000. Purpose: to meet increased demand for G.M. products in the area served by these plants.



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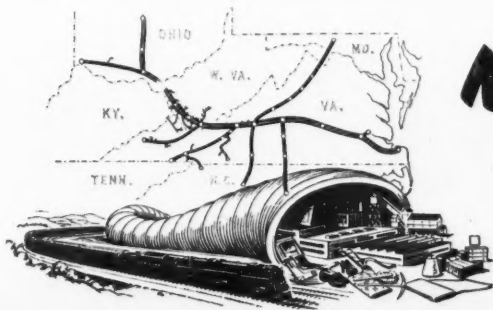


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We invite you to call on the plant location specialists of this railroad to give you the facts—in confidence and without obligation—on the Land of Plenty as a prosperous location for any type of textile plant.



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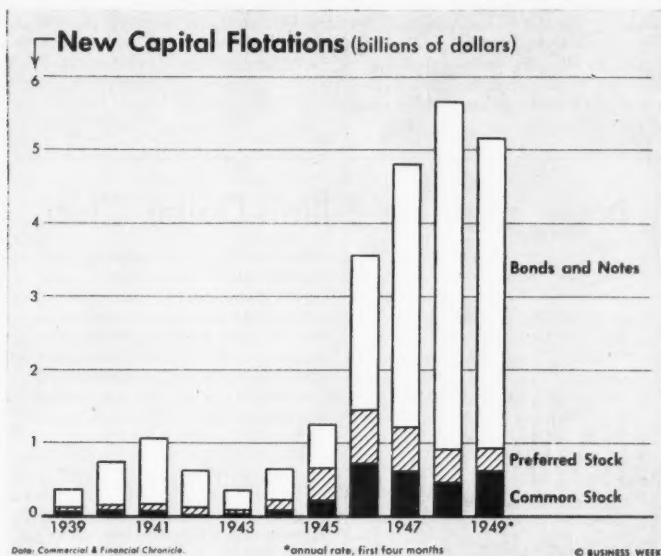
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# FINANCE



## Sick Market for New Stock

And it looks as if it will stay that way. Two possible remedies: (1) Investment bankers could try to cultivate small investors; (2) issuing companies could take lower prices.

"There isn't enough equity capital to meet the country's needs."

• **Spokesman**—That's what Robert E. Wilson, chairman of the board of Standard Oil Co. of Indiana, told a luncheon of the Chicago Assn. of Commerce & Industry last week. And Wilson had plenty of support for his statement. Many bankers feel the shortage of risk capital is even worse than the statistics indicate.

Washington, of course, still denies that there is a shortage—or even that one is developing (BW—Nov. 27'48, p88). But few men on Wall Street go along with the government in its thinking on the situation.

Wilson sees the picture this way: "Those who know the facts about common stocks don't have the money now, and those who have the money don't know the facts."

• **Part and Parcel**—That pretty well dovetails with what investment bankers have been saying for a long time. They believe the market is drying up because of: (1) high personal tax rates; (2) a shift in the national-income pattern that has caused increased insti-

tutionalization of the nation's savings (more money has been going to farmers and workers; they aren't used to investing, so they give control of their funds to savings banks and insurance companies).

These same findings show up in a survey of risk-capital just completed by the McGraw-Hill Dept. of Economics. The survey covers investment-banking firms in all sections of the country. Only a few of them aren't worried about the months ahead.

• **Poor Showing**—It's easy to see why. Last year, common stocks (chart, above) made up only 12% of all new-money flotations. Sales of new preferred stocks came to only 5% of the year's \$5.7-billion new-issue total. Unless things pick up, there's a good chance this year's sales of common and preferred stocks won't even reach the 17% mark.

That's a long way from the peaks of previous boom years. In 1927, 1928, and 1929, equity issues accounted for 32%, 55%, and 74%, respectively, of all new-capital flotations. In 1936 and 1937 the ratios were 31% and 35%. Sales of common and preferred stock made up

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52% of the total in 1945; 41% in 1946.

• **Survey Report**—Here are the main findings of the McGraw-Hill survey:

In New York, investment bankers have been doing a fair volume of equity financing for the less-risky public utilities (BW-Apr. 16 '49, p94). But they have had few new industrial shares to market. Most companies are too glum about stock prices to even start talking about new issues.

All told, there are probably less than \$100-million of new common stock registered by the Securities & Exchange Commission. New York underwriters had to postpone or abandon more than half the number of offerings of common stock that they considered in 1947 and 1948.

• **Other Sections**—Outside New York, underwriters report many attempts to sell new common stock, but few successes. Bankers in the Midwest say

## New High for Billion-Dollar Club

Three new companies joined the corporate Billion-Dollar Club during 1948. That brought to 21 the total number of nonfinancial companies with net assets of over \$1-billion. There were only 14 companies in the club at the end of 1946 (BW-Aug. 16 '47, p71), only 16 when war production was at its peak (BW-Oct. 7 '44, p65).

Back in 1939, there were an even dozen.

At the close of last year, 17 companies had annual revenues or sales of over \$1-billion, three more than in 1947. In 1946 there were only eight. The wartime peak—10—was five times the number of companies with billion-dollar sales in 1939.

	Assets as of		% Growth Since 1939
	Dec. 31, 1948	Dec. 31, 1939	
Bell Telephone System	\$7,475,000,000	\$3,218,000,000	132%
Standard Oil Co. (N. J.)	3,526,000,000	2,035,000,000	73
General Motors Corp.	2,958,000,000	1,323,000,000	124
United States Steel Corp.	2,535,000,000	1,769,000,000	43
Pennsylvania R. R.	2,224,000,000	2,018,000,000	11
New York Central R. R.	1,754,000,000	1,631,000,000	8
Southern Pacific System	1,736,000,000	1,646,000,000	6
Standard Oil Co. (Ind.)	1,500,000,000	723,000,000	108
Socony-Vacuum Oil Co.	1,443,000,000	930,000,000	55
Achison, Topeka & Santa Fe Ry.	1,293,000,000	1,116,000,000	16
Texas Co.	1,277,000,000	661,000,000	93
Baltimore & Ohio R. R.	1,234,000,000	1,110,000,000	11
Consolidated Edison Co. (N. Y.)	1,225,000,000	1,274,000,000	4
Gulf Oil Corp.	1,191,000,000	523,000,000	128
E. I. du Pont de Nemours & Co.	1,189,000,000	736,000,000	62
Commonwealth & Southern System	1,197,000,000	1,125,000,000	6
Union Pacific R. R.	1,187,000,000	1,101,000,000	8
General Electric Co.	1,177,000,000	434,000,000	171
Standard Oil Co. (Calif.)	1,075,000,000	629,000,000	71
Bethlehem Steel Corp.	1,029,000,000	733,000,000	40
Ford Motor Co.	1,026,000,000	692,000,000	48
Sales or Revenues			
	1948	1939	
General Motors Corp.	\$4,702,000,000	\$1,377,000,000	242%
Standard Oil Co. (N. J.)	3,301,000,000	934,000,000	253
Bell Telephone System	2,625,000,000	1,107,000,000	137
Great Atlantic & Pacific Tea Co.	2,546,000,000	990,000,000	157
United States Steel Corp.	2,535,000,000	846,000,000	193
Swift & Co.	2,361,000,000	757,000,000	212
Sears, Roebuck & Co.	2,296,000,000	867,000,000	272
Armour & Co.	2,191,000,000	715,000,000	179
General Electric	1,633,000,000	396,000,000	312
Chrysler Corp.	1,568,000,000	550,000,000	185
Socony-Vacuum Oil Co.	1,327,000,000	496,000,000	168
Bethlehem Steel Corp.	1,313,000,000	414,000,000	217
Standard Oil Co. (Ind.)	1,237,000,000	344,000,000	260
Montgomery Ward & Co.	1,212,000,000	475,000,000	155
Safeway Stores, Inc.	1,179,000,000	836,000,000	41
Texas Co.	1,081,000,000	365,000,000	196
Gulf Oil Corp.	1,069,000,000	276,000,000	287

<sup>1</sup> Not in the club for year ending Dec. 31, 1947.

<sup>2</sup> For Dec. 31, 1947; 1948 figures not available.

<sup>3</sup> Fiscal years ended February, 1948 and 1949.

<sup>4</sup> Fiscal years ended October, 1948 and 1949.

<sup>5</sup> Fiscal years ended January, 1949 and 1940.

that local companies have either given up or postponed most of their new stock issues. A thriving merchandising firm tried for 18 months to market a new common stock, then gave up. A manufacturer of screens pulled out when he found he would have to sell a 30% interest in his company to raise as much money as he made in a year.

The story is pretty much the same on the West Coast. At least 20 companies there are holding off on stock issues until the market improves. South-eastern bankers say several companies in their area are definitely handicapped because they can't sell new issues.

• **Start and Stop**—Despite the lack of stock takers, many companies are able to raise initial chunks of capital from local backers. But when they try to expand, raise new money outside the area, they can't find buyers. It's tough to sell a new venture when stocks of so many national corporations are going at bargain prices.

Of course, there is still some risk capital around—at a price. Some New York bankers say they could place many more issues if companies would take the current market price for their stock. (In many cases, that's three to four times earnings, and a lot less than book value.) But even the optimists think there is little chance of bringing



## Singer Successor

The tight-lipped—and blue chip—Singer Mfg. Co. gave outsiders a peek at inner workings this week. It announced the election of Milton C. Lightner as president of the company to succeed the late Sir Douglas Alexander who died May 22. Lightner was also elected president of Singer Sewing Machine Co., principal subsidiary of Singer Mfg. (BW—Aug. 14 '48, p. 75). An ex-lawyer, Lightner has been vice-president and a director of both companies.



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**and HUMID**



**or COOL**   
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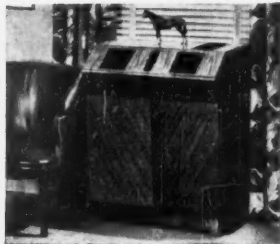
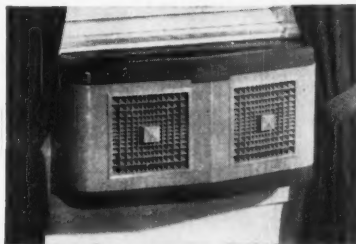
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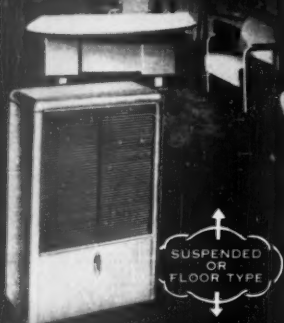
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the market up to the volume of 1946.  
• **Remedies**—What would make it easier to raise risk capital? There are a score or more ideas, but these are the ones that showed up most often:

**Reduce the double tax.** The net yield on common stocks after the double tax on dividends isn't enough to lure a lot of investors. They figure they can do as well, or better, with tax-free municipal bonds or other relatively riskless securities. But Congress is trying hard to balance the budget, so there's not much chance of a change.

**Spend more to boost sales.** Bankers can no longer place big hunks of common stock with a few wealthy clients; high taxes on income and inheritances have made the rich man a lot less important as an investor. The money the risk-capital market needs to get back to normal has to come from small savers all over the country.

That source can be tapped. Sales of open-end investment trust shares (BW—Mar. 26 '49, p93) are as good a proof as you need. But it costs more to reach these small investors. The commissions dealers get today aren't big enough to allow them to do much back-country selling.

Business has been slow to realize this. Until it does begin to pay higher dealer commissions—something like those paid on sales of investment-trust shares—there's little chance the small investor will take much of the new offerings.

**Accept lower prices.** There is still a big gap between what businessmen and investment bankers think a stock is worth.

Most company officials think current prices undervalue their shares. Bankers, on the other hand, know the short-lived nature of boom-time earnings. They appraise a stock, as the market does, on the basis of average earnings over a spread of past years, as well as its future outlook. They also put a much lower valuation on the book value of a stock than the companies do. They stress the fact that recent dividends aren't worth as much to investors with today's taxes and business outlook as business thinks.

Often the bankers convince a company that its idea as to the price its stock should command is too high. But too many managements still cling to the old idea that a business is worth at least 10 times its current earnings.

• **High Dividends Little Help**—Investment-banking houses all agree that raising dividends won't be much help in the sale of new issues. High dividend rates may have helped sell utility issues. But a far bigger factor was the depression-proof reputation of the industry. Most bankers feel that as long as dividends are taxed, higher yields won't make much difference in raising risk capital.

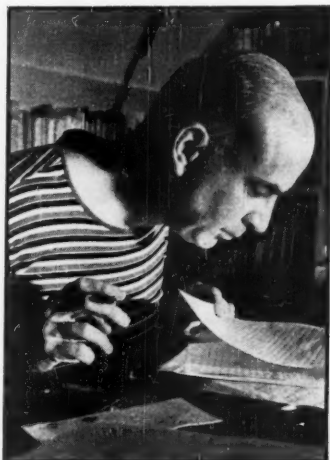
## No Housing Yet

**Life insurance companies plan to reenter building field to boost incomes—but only when construction costs come down.**

When construction costs come down, life insurance companies are ready to reenter the building field on a large scale. But as of the moment, they're not planning anything definite. That's what the Institute of Life Insurance found out from a recent survey of its members.

Life-insurance housing really got under way in the thirties, with Metropolitan's Parkchester development. Right after the war, many companies laid plans to get into the field in a big way. A lot of these plans were never even put into effect, however; when building costs skyrocketed, the underwriters decided only to work on projects they had already begun (BW—Jun. 5 '48, p81).

• **Exception**—Construction costs are still so high that this decision still



## In New Writing Role

John Dos Passos, who some time ago switched to free enterprise, has a new job. The famous American novelist and one-time arch-critic of the American system has been hired by General Mills, Inc., to write an "objective and human" story on the company's varied activities. The company has no assurance, however, that it will like what he turns out; Dos Passos took the assignment on the understanding that he could write as he pleases. The last few months he has spent on the road doing basic reporting. When he finishes, he'll retire to his farm to write.



stands, the survey found. Today, only the New York Life Insurance Co. has announced definite plans for future construction of rental housing.

New York Life is now building a 580-unit, high-rent apartment house in midtown Manhattan. And it is dickering with the city of Chicago on a 1,400-unit, low-rent project for Negro families (BW-Apr. 23 '49, p101). The only other company that's expected to do any building soon is the Equitable Life Assurance Society; it hasn't made any official announcement, but rumor has it that it will put up several big office buildings in Pittsburgh.

• **Incentives**—Several of the companies, however, told the institute that they were "interested" in building later on—if costs drop. There are two principal reasons for this widespread interest.

(1) The long-term decline in the average interest yield from the life insurance companies' multibillion-dollar bond portfolios; this has forced them to scout around for higher-yielding investments.

(2) The industry's growing recognition of its social role as the biggest single holder of the nation's liquid savings.

• **Investment**—The institute's survey reports that U. S. life insurance companies have built rental housing for 34,500 families altogether—most of it within the past five years. That represents a total investment of \$275-million.

In addition, projects to house 12,000 families are now under construction; about half of their units are finished and occupied. When complete, these projects will represent an investment of another \$185-million.

## FINANCE BRIEFS

A big block offering of securities went through last week despite the stock market's current weakness. It involved 395,000 shares of oil-company stock—Socony-Vacuum; Standard Oil companies of N. J., Calif., and Ind.; Ohio Oil. Rumored seller: Rockefeller interests.

• Saturday closings will start in August for many Chicago Loop and suburban banks if Illinois Gov. Adlai E. Stevenson signs the permissive five-day banking bill. He's expected to.

• Gov. Paul A. Dever's proposal to raise new revenue (\$2,225,000) by taxing Massachusetts savings-bank deposits will probably get a cold shoulder from the legislature. It has already turned thumbs down on his proposals to boost (1) levies on public utilities, (2) taxes on unincorporated businesses.

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# THE MARKETS



## It's Still Nip and Tuck

Stock prices have moved down in a test of their old lows—but no farther than business itself has dropped. That shows no break in confidence, and could be a good sign.

You can wrap up just about all of Wall Street's hopes and fears these days in a single question: Has the stock market already discounted the business recession, or will it keep on dropping until business hits bottom?

• **Testing the Lows**—Traders hope to get the answer—or at least a clew to the answer—any day now. For the past three weeks, the stock market has been getting into position for a decisive test of the old bear-market support area—around 163-165 on the Dow-Jones industrial average (BW—Jun. 4 '49, p90). This week, the averages were squarely in

the middle of the critical area. The test was on.

If the averages break through their old lows (163.12 for the industrials and 41.16 for the rails) there is no telling where they will stop. But if they can manage a decent rally without going through the resistance points, traders will take it as a sign that—at least temporarily—stock prices will hold somewhere near present levels, or even advance, in spite of the slump in business.

• **Index of Confidence**—One way to keep track of the relation between stock prices and business is to divide the BUSINESS WEEK Index of Business Activity into Standard & Poor's 90-stock average. The result gives you a rough measure of the market's speculative confidence (chart). Movements in this ratio, up or down, will show whether traders are hopeful or not about the future.

This index of speculative confidence took its big drop back in 1946, when the stock market went to pieces. It reached its low point in February, 1948, just before the sample-size bull market of 1948 got under way.

Since the beginning of this year, the index has scarcely moved. Stock prices have been sliding off, but so has busi-

### Security Price Averages

	This Week	1 Week Ago	Month Ago	Year Ago
<b>Stocks</b>				
Industrial	134.8	138.3	145.1	165.9
Railroad	35.8	37.0	38.6	50.8
Utility	70.4	71.4	72.7	73.6
<b>Bonds</b>				
Industrial	99.1	99.0	98.9	97.5
Railroad	80.3	80.8	81.7	90.0
Utility	96.2	95.8	95.6	95.4

Data: Standard & Poor's Corp.

ness activity. The declines in the two indexes have just about offset each other, and the ratio has held steady.

• **Good Sign?**—On the whole, this steadiness in the index of speculative confidence is probably a good sign. You can argue, of course, that if the market already had discounted the business dip, confidence should have started to rise as business entered the anticipated de-

cline. But that's asking too much of Wall Street.

Stock traders never have pretended to be iron men. A drop in business is bound to give them an uneasy feeling in the pit of the stomach, no matter how clearly they foresaw it. Under the circumstances, it's a pretty good omen that confidence has held steady instead of going to pieces entirely.

## The 1949 Stock Market Slump

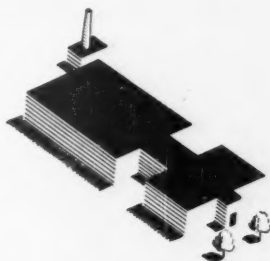
Standard & Poor's Weekly Indexes (1935-39 = 100)

Stock Group	1948 Year-end	1949 Range High Low	June 1 1949	1949 Gain or Loss
Utility holding companies.....	104.6	128.0 104.5	121.0	+15.7%
Gold mining (U. S.).....	57.7	69.4 59.1	66.5	+15.3
Shipping.....	327.2	379.9 334.2	365.7	+11.8
Drugs, cosmetics.....	90.6	104.0 93.4	99.2	+9.5
Glass containers.....	87.2	94.8 86.9	94.1	+7.9
Tobacco.....	77.1	84.6 77.8	82.9	+7.5
Food chains.....	168.2	185.5 169.2	180.7	+7.4
Dairy products.....	161.8	179.8 160.7	173.6	+7.3
Finance companies.....	92.5	102.6 90.7	98.5	+6.5
Metal containers.....	67.8	75.6 68.8	71.9	+6.0
Utility operating companies.....	93.2	101.2 94.1	98.5	+5.7
Confectionery.....	110.8	120.2 109.2	114.0	+2.9
Air transport.....	202.3	237.2 193.3	206.5	+2.1
Baking, milling.....	150.1	159.6 148.1	153.2	+2.1
Soft drinks.....	110.1	123.3 *109.1	112.2	+1.9
Shoes.....	107.6	113.0 108.1	109.4	+1.7
5¢, 10¢, \$1 chains.....	121.7	125.5 118.3	123.4	+1.4
Office, business equipment.....	143.2	151.7 141.5	145.1	+1.3
Department stores.....	179.7	183.7 173.8	179.5	-0.1
Motion pictures.....	148.3	162.0 142.7	148.0	-0.2
Aircraft manufacturing.....	101.0	119.0 100.7	100.7	-0.3
Fertilizers.....	199.2	212.7 189.8	195.4	-1.9
Printing, publishing.....	105.8	113.2 *96.8	103.2	-2.5
Soaps, vegetable oils.....	131.0	132.6 *118.1	127.8	-2.5
Consumers' goods.....	120.4	123.9 117.3	117.3	-2.6
High-grade common stocks.....	113.9	117.9 110.2	110.2	-3.3
Tires, rubber goods.....	173.0	184.7 167.2	167.2	-3.4
Chemicals.....	129.3	131.7 124.9	124.9	-3.4
Meat packing.....	114.7	125.4 *110.5	110.5	-3.7
Telegraph, telephone.....	93.4	94.1 *88.3	88.3	-5.5
<b>Composite index.....</b>	<b>120.1</b>	<b>122.1 113.1</b>	<b>113.1</b>	<b>-6.8</b>
Sugar.....	87.4	91.5 *81.3	81.7	-6.5
All industrials.....	126.4	128.6 118.1	118.1	-6.6
Automobile.....	117.9	124.1 108.8	108.8	-7.7
Metal fabricating.....	98.3	106.0 *90.3	90.3	-8.1
Oil.....	167.9	168.8 152.7	153.7	-8.5
Distillers.....	279.9	285.2 *255.9	255.9	-8.6
Mail order, general chains.....	179.8	183.7 164.0	164.0	-8.8
Shipbuilding.....	183.9	194.2 167.3	167.3	-9.0
Machinery.....	107.6	108.2 *97.7	97.7	-9.2
Capital goods.....	117.3	118.8 *105.3	105.3	-10.2
Textiles.....	214.5	218.7 191.3	191.3	-10.8
Auto parts, accessories.....	112.8	114.8 *100.0	100.0	-11.4
Electrical equipment.....	98.2	98.6 86.8	86.8	-11.6
Low-priced common stocks.....	120.9	125.7 *106.9	106.9	-11.6
Mining, smelting.....	82.3	84.7 72.7	72.7	-11.7
Agricultural machinery.....	121.7	124.1 *106.0	106.0	-12.9
Rail equipment.....	87.0	90.6 *75.8	75.8	-12.9
Paper.....	264.7	267.1 *230.2	230.2	-13.0
Leather.....	69.6	76.3 *60.2	60.2	-13.5
Railroads.....	105.7	107.5 *90.8	90.8	-14.1
Building materials.....	119.5	119.5 *101.3	101.3	-15.2
Household furnishings.....	109.2	111.3 *91.9	91.9	-15.9
Steel.....	130.0	135.4 *108.9	108.9	-16.2
Lead, zinc.....	109.4	108.5 *86.7	86.7	-20.8
Coal.....	249.6	252.7 197.5	197.5	-20.9
Copper.....	129.6	130.3 *100.5	100.7	-22.3
Television, electronics.....	168.9	163.9 127.9	127.9	-24.3
Radio broadcasting.....	155.5	151.0 116.7	116.7	-25.0

\* Lowest point reached by index since 1946 market break.

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# LABOR



**BLOC LEADERS** Douglas (left) and Taft (right) are battling for high . . .

## Political Stakes in Taft-Hartley

The Senate is battling not so much over what changes will be made in Taft-Hartley, as over who will make them. Only a few differences now divide the two opposing camps.

There's more at stake politically than industrially in the debate over Taft-Hartley revision. Before the Senate began its long debate this week, both supporters and opponents of the act had yielded a great deal on substantive terms. There are no tremendous differences left between (1) what the group Taft leads will accept in amendments to the Taft-Hartley act, and (2) the considerably modified version of the Wagner act behind which Senators Douglas and Hill have rallied a bloc of Democrats and Republican liberals.

But though the two groups have moved close together on the terms of the law, it still makes a major political difference which one carries the day.

It is high-level politics. At stake are (1) Taft's chance for re-election in 1950—on which hangs his presidential aspirations; (2) the record of the 81st Congress; (3) organized labor's attachment to the Democratic party.

• **Practical Effects**—Of course, there are still some practical labor relations decisions involved. Your relations with your employees and the unions representing them will be directly affected by how key senators vote on such questions as: Whether a closed shop is legal—and what kind.

Whether you or a union can be enjoined against committing an unfair labor practice.

Whether boycotts and jurisdictional strikes can be blocked effectively.

What method will be used to handle national-emergency strikes.

Those are some of the points of difference left between the Taft position and the new Democratic position.

• **Fight for Credit**—Taft is anxious to make the law which bears his name a less incendiary issue to union voters. He wants credit for "improving" it—and to this end he has authorized 28 changes in the existing Taft-Hartley act.

The Democrats want to do their own changing of the law. Under the leadership of Douglas of Illinois and Hill of Alabama, they have offered five "softening" amendments to the Administration's original Thomas bill.

What Taft wants and what Douglas wants is not so far apart that normal legislative compromise couldn't bring them together. But the competition for credit will make them irreconcilable. Which will carry the day remained in doubt as the Senate wound up its first week of labor law debate.

• **Carrying the Ball**—At stake also in the maneuvering is the record of the 81st Congress. Congressional leaders are more sensitive than is the President to the "do-nothing" charges which Republican strategists are readying for the 1950 campaign. So they have taken the ball from Truman. They realize that



his intransigent insistence on a pure Administration version of a new law is impossible to put over; they are making their own compromises with necessity.

The senators now have from Truman a grudging agreement to take anything he can get. They are using this as an Administration blessing-sanction to make all the deals required to get a labor law through as soon as possible.

• **Labor's Role**—The union's attachment to Truman's party and program hangs on the outcome of the senators efforts—on how pro-labor a law they can get and how soon they can get it. As important contract negotiations opened in basic industries, labor leaders suddenly had the queasy suspicion that they were getting a run-around in Washington. Truman's ivory-tower position promised an indefinite delay in removing the hated T-H law. Phil Murray told the Democratic Party high command that he would brook no further postponement of T-H amendment.

The union pressure dictated this Democratic strategy: Take the initiative from Taft by offering amendments to the Administration bill in line with what Big Labor would accept. Then add as much bait as necessary to make up for any deficiency in votes.

This was not really a new idea among the Democrats (BW—Mar. 26 '49, p. 15).

• **Campaign**—Douglas and Hill, who never liked the original Thomas bill, got together with a third Labor Committee member, Humphrey of Minnesota. Then they went to work on two Republicans, Morse of Oregon and Aiken of Vermont. Both swung aboard.

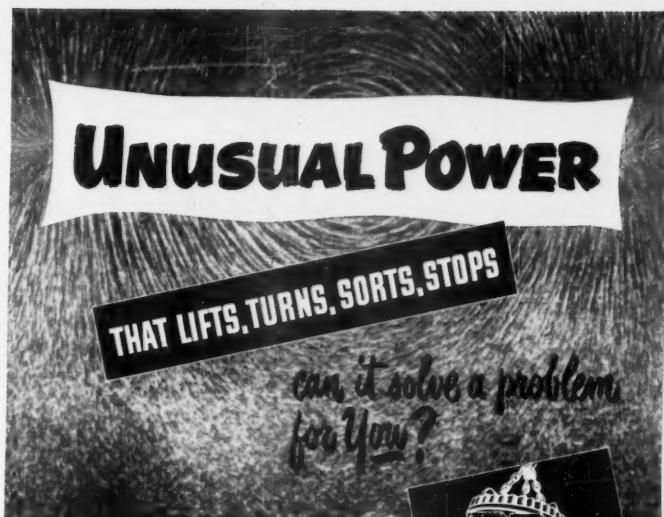
When the program was laid before a Democratic caucus, Lucas gave it his stamp of approval. But there was no agreement. The remaining Democratic members of the Labor Committee—Chairman Thomas, Murray, Neely, Pepper, and Withers—held their ground. There is no question, however, that they will yield.

• **More Republicans**—When the amendments hit the Senate floor, other Republicans went along—Tobey of New Hampshire and Margaret Chase Smith of Maine.

Ives of New York remained a question mark. Taft had made some concessions in his amendments in order to satisfy Ives. Yet Ives had not committed himself to all of the Taft program. So there's still a chance for Douglas to win him over on some specific amendment—such as seizure only, without injunction.

Here are the Democratic amendments to the Thomas bill:

**National Emergencies.** "Tough" seizure for not more than 90 days. Taft would provide for either seizure or injunction, or both. Advocates of seizure-only point out that the injunction right is implied, since workers in seized plants would be government workers and gov-

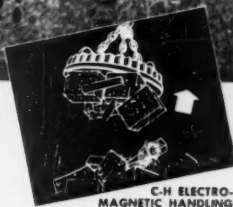


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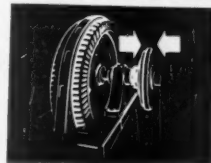
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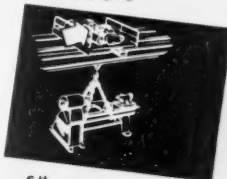
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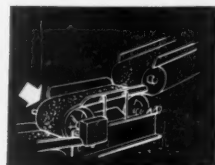
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ernment employees can't strike. The 1946 miners' case is cited.

**Bargaining.** Equal obligations to bargain on both sides. Same as Taft's.

**Free Speech.** Non-coercive statements will be allowed, so long as they do not promise benefits. Same as Taft's.

**Financial Reports.** These will be required from both unions and employers using the National Labor Relations Board. Taft would retain the rule for unions only, as under present law.

**Affidavits.** In order to use the labor board, employers and union officers must sign oaths that they are not members of a Communist, Fascist, or other totalitarian organization. Exempt from this requirement: officers of unions whose constitution bars such persons from membership and office. Taft would require non-communist affidavits from employers and union officials.

• **Douglas' Job**—As the debate got under way this week, there still were not enough votes behind the new Administration position. Further concessions were expected to get men like Russell of Georgia. As leader of the southern bloc, he is important for the votes he can swing with him.

There are 54 Democrats in the Senate. Douglas stands to lose 10 or 12 of them. On the other hand, he can pick up six or seven Republicans.

• **Taft's Job**—Taft must keep at least six more Democratic votes than he loses among the Republicans. On many issues, that will not be hard to do. Letting states keep the right to legislate on the closed shop will win support from most senators from states with laws against the closed shop.

Russell, for instance, wouldn't mind restoring the closed shop nationally if it wouldn't kill the ban in Georgia Bills against them failed in Georgia, Iowa, North Carolina, and Tennessee legislatures this year.

A.F.L. and C.I.O. are adamant in wanting the federal law to nullify restrictions in the states. But they'll lose on this.

• **Labor's Retreat**—The situation represents a real retreat on the part of the labor leaders. Phil Murray hasn't openly endorsed the Douglas amendments, as the A.F.L. has, but his boys around the Capitol don't hesitate to admit they will accept them. Out of line, however, are John L. Lewis and A. F. Whitney, who don't want any more truck with seizure of the mines and railroads. The opposition also includes the left-wing unionists, like Albert Fitzgerald, president of the C.I.O. electrical workers, who want to go back to the Wagner act.

In the end, you will get a new labor law. It will have just about everything in the Douglas amendments, and more. How much more? That depends upon how ardent Douglas is in out-manoeuvring Taft.

## Oath Problem

Can union officer who quits Communists—but doesn't give up their doctrines—sign valid T-H oath? Test case may rule on it.

Can a union leader comply with Taft-Hartley non-Communist rules by dropping Communist Party membership—even if he admits he isn't giving up Communist beliefs?

That problem is on the desks of the National Labor Relations Board and the Justice Dept. this week. Max Perlow, secretary-treasurer of the United Furniture Workers (C.I.O.), tossed it there.

• **Under Pressure**—Perlow's union, along with others in C.I.O.'s left wing, is having trouble with right-wing raiders; it's having trouble in contract bargaining, too (page 100). So its international executive board decided that U.F.W. must, in self defense, comply with T-H. That meant that officers must file non-Communist affidavits.

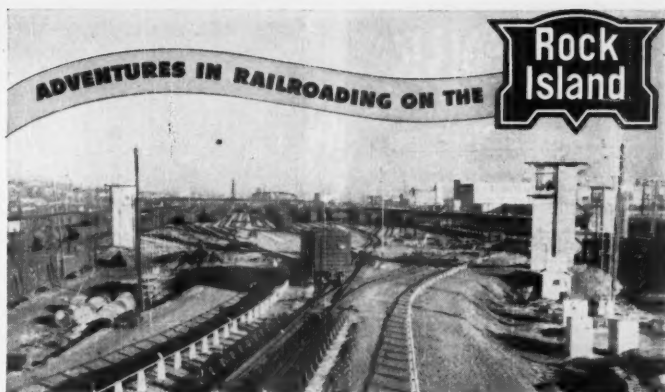
• **No Secret**—Perlow is one of a small number of top union leaders who admit Communist membership and beliefs. He has never made any secret of it. Other leaders of C.I.O.'s dozen leftist unions are consistent party-liners, and many may be undercover party members. Still, some have been able to comply with T-H without raising any pressing legal problems. But Perlow couldn't.

• **Perlow's Choice**—He had to choose between dropping Communist Party membership or quitting union office. He chose the former—but he qualified his choice. He made plain that he wasn't renouncing his belief in Communist doctrines.

Under T-H, a union officer must swear that he is not "a member of the Communist Party or affiliated with such party, and that he does not believe in" any organization that teaches overthrow of the government by force.

Perlow declared that he is prepared to swear that he doesn't believe in forceful overthrow of the government: Communism, he argues, could be established "within the framework of democratic processes under our Constitution." Thus, the issue in his proposed T-H oath is the same as that in current New York Communist trials: Does the Communist Party, or communism as a doctrine, teach forceful overthrow of the government?

• **Uncertain Verdict**—NLRB would honor Perlow's affidavit as "technical compliance with the law." The Justice Dept. hasn't committed itself officially; informally, it has indicated that an affidavit from Perlow might lead to a test case against him for allegedly making a false statement under oath.



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PRESIDENT H. I. Young of American Zinc "faces the issue of communism." He is . . .

## Waging Hot War on Left Wing

Coming bargaining election at Fairmont City signals new round in long battle between American Zinc and M. M. S. W. Two other plants are still shut; right-wing union has taken over a fourth.

One year ago, the American Zinc, Lead & Smelting Co. issued an ultimatum: It wouldn't deal any longer with a Communist-dominated union; it wouldn't negotiate a new contract with the Mine, Mill & Smelter Workers (C.I.O.) until international and local union officers signed non-Communist affidavits.

• **"Intolerable"**—The company said: "The decision to take this stand was made because we were forced with an intolerable situation in some of our plants, brought about or encouraged by Communists in the union."

The union refused to comply, and a strike resulted at four plants.

• **A Year After**—This week, three of the zinc company's plants are still closed tight. However, one of the three may reopen in two weeks, as a result of a collective-bargaining election among striking employees. A fourth struck plant is now operating at about normal—with a right-wing A.F.L. union instead of M.M.S.W.

• **The Lineup**—American Zinc, with headquarters in St. Louis, is one of the largest domestic producers of slab zinc and cadmium; it's also the largest producer of by-product sulphuric acid made from zinc ores. M.M.S.W. is the only extreme left-wing union in basic industry; many of its leaders have been listed

by the House Un-American Activities Committee and C.I.O.'s president Philip Murray as Communist-liners.

When the company took its stand in May, 1948, it sent letters to all employees. The letters explained that (1) the company isn't opposed to unionization, only to Communist-dominated organizations; and (2) it did not intend to use the anti-Communist fight to alter existing wages and working conditions. The company also mailed employees a 14-page document about Communists in M.M.S.W.

• **Result**—American Zinc hoped that its firm stand would start off a housecleaning in M.M.S.W. But it was prepared to take a strike. It got one.

American Zinc contracts with the union expired June 30, 1948. The next day, M.M.S.W. workers struck at the company mine at Metaline Falls, Wash. Six weeks later, the strike hit the smelter at Fairmont City, Ill., and zinc oxide plants at Hillsboro, Ill., and Columbus, O. About 1,000 workers were involved.

Other American Zinc properties did not strike. At Mascot, Tenn., and Monsanto, Ill., employees dropped membership in M.M.S.W. just before the walkout. They shifted to C.I.O.'s right-wing Gas, Coke & Chemical Workers, and stayed on the job. In Dumas, Tex.,

another group switched from M.M. S.W. to the Progressive Metalworkers Council, affiliate of the Marine & Shipbuilding Workers (C.I.O.).

• **Today's Lineup**—Here's the status now of the four plants that struck.

**Metaline Falls and Hillsboro** are still closed. The company hasn't tried to reopen them.

**The Columbus plant** reopened last December. American Zinc says about a sixth of the 140 strikers—plus replacements—fought their way through the picket lines to return to work. A.F.L.'s Chemical Workers Union ousted M.M. S.W. at the plant.

**Fairmont City** is closed, but it may reopen soon. The company recently sent letters to Fairmont City employees urging them to "arrange to return to work;" if they refused, the company would allow smelter furnaces to cool off. To smelter workers, that had a grim sound; it meant damaged furnaces, which would have to be replaced, (minimum cost: \$1-million).

• **Election**—The return-to-work deadline was set for June 10. This week, the company agreed to postpone the deadline, for now a collective-bargaining election is coming up at the Fairmont City plant. Former M.M.S.W. members got together with M.M.S.W.'s rival, the Progressive Metalworkers Council. They stepped up organizing efforts and called for the election. National Labor Relations Board set it for June 14. Those listed as smelter employees will vote for or against P.M.C. as bargaining agent. M.M.S.W. isn't eligible to have its name on the ballot.

Both P.M.C. and M.M.S.W. (beating the bushes for a "no union" vote) claim victory strength. But P.M.C. this week has a telling point in its favor: Business has been sloughing off in non-ferrous metals, and strikers are worrying about jobs. Their walkout, so far, has cost about \$2,500 each in lost pay.

• **Battleground**—The year-long strike has done a pretty thorough job of messing up economic and social life in Fairmont City—just across the Mississippi from St. Louis. For instance:

- (1) The strike has cost more than \$2-million in lost payrolls.
- (2) It has produced some violence, including the gunshot riddling of a union official's car.
- (3) It stirred up two rows over the treatment of the strike by the press. Two businessmen have brought a \$1-million damage suit against the union strike paper for a story they call libelous. On the other hand, the union is picketing the East St. Louis (Ill.) Journal, a daily paper, for what the union calls an "unfair policy" toward the walkout.

(4) It brought ructions in the Holy Rosary Catholic Church in Fairmont City—whose parishioners are mostly



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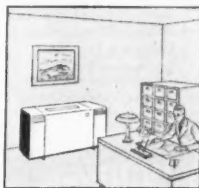
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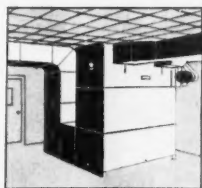
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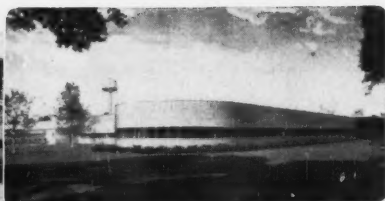


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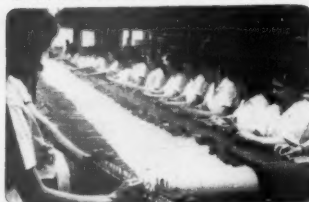


## New Pharmaceutical Laboratories

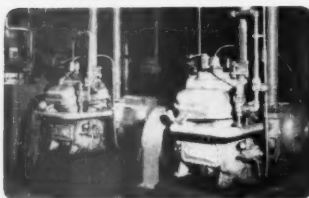
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American Zinc people. M.M.S.W. says the priest is pro-company, another bloc says he's right in preaching against communism.

(5) It started a feud, and a near-hair pulling, in women's circles. A women's group recently set itself up as intermediary, to try to get the strike settled. Other women from the union auxiliary stormed the "peace" group's planning conference, and police had to intervene. • "General Plan"—American Zinc officers told the story of Fairmont City's strike in detail in February, at a hearing before the Senate Labor Committee. They testified that it's an example of the "general plan of demoralization" which is common in left-wing unions. Because of the left-wingers, they said, American Zinc labor relations "have progressively deteriorated" since 1940.

The company had a string of charges against leftist union leaders: They stirred up "groundless grievances," made demands for unreasonable rate adjustments; encouraged workers to disobey foremen; encouraged slowdowns and deliberate loafing; called strikes and other work stoppages without cause.

• Young Sums Up—Howard I. Young, president of American Zinc, told the committee: "We believe that if we continued to sign contracts with a union which we knew to be Communist dominated, we would be defeating the intent of Congress and permitting a situation to continue which was harming our employees as well as the company."

## OVERTIME RELIEF DUE SOON

"Overtime on overtime" is just about dead. A bill giving all industry retroactive protection against it under the wage-hour law is about to be passed by Congress.

The House approved such a bill in February. But it covered only longshore and construction industries—and it applied only to future cases. Then the Senate attached amendments to broaden the coverage and make the bill retroactive. Two weeks ago the House Labor Committee approved the Senate version. Quick floor consideration is now being sought.

Under the bill, time-and-a-half pay for night, holiday, or week-end work will be counted as overtime pay under the requirements of the wage-hour law. And such extra pay will not be included in computing the regular hourly rate.

Although it called retroactivity "an extraordinary remedy," the Senate committee said it included it because: (1) Payment of the claims would be "in the nature of windfalls" and would be unfair to employees who had not filed claims; (2) the government would be liable for large amounts under cost-plus contracts; (3) many employers might go bankrupt.





ATOMIC UNION HEAD Martin Wagner delays strike to give board a chance in . . .

## Oak Ridge Test

New atomic labor board gets first real tryout in pay dispute. New setup aims to keep AEC out of bargaining.

The government's new program for atomic-energy labor may get its first real workout at Oak Ridge, Tenn. C.I.O. chemical workers there voted last week to strike unless Carbide & Carbon Chemical Corp. meets 1949 wage demands. But this week they indicated that if the newly formed Atomic Energy Labor Relations Panel steps into the dispute, it will "automatically prevent a strike."

The AELRP developed from a six-month study of atomic-energy labor relations by a presidential committee (BW-Apr. 30 '49, p110). It is a three-man board headed by William H. Davis. It is authorized to swing into action whenever a strike threatens vital atomic-energy work.

• **Vital Area**—The current dispute does that. The 2,000-member Oak Ridge local of C.I.O.'s Gas, Coke & Chemical Workers wants a 15¢ hourly wage hike. Carbide & Carbon Chemical, which operates the Oak Ridge plant for the government, wants the union to take a 6¢ pay cut. Average wage is now \$1.59 an hour.

The local voted to strike when negotiations deadlocked. A walkout would snarl production of Uranium 235, the fissionable material from which atomic bombs are made.

• **New Procedure**—Under AELRP procedure, company and union will keep



## "It's no fun to live in a house full of bugs!"

"Water bugs, roaches and ants were all over my kitchen," writes Mrs. John D. Culbreth, Selma, Alabama. "Every time I turned around I ran into the nasty things. My husband found ants in the sugar for his coffee. The whole thing had us disgusted, distressed and upset!"

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workers on the job under existing wages and working conditions while AELRP (1) studies the facts, and (2) recommends settlement terms—which neither party is committed to accept.

If AELRP fails to get a settlement, national-emergency provisions of the Taft-Hartley act could be invoked to stall a strike for 80 days more.

Most unions and private contractors in the atomic-energy industry—including Carbide & Carbon Chemical and the Gas, Coke & Chemical Workers—have agreed to abide by the procedures.

• **Broad Policy**—Meanwhile, the government's over-all Atomic Energy Commission is preparing a broad labor relations policy. Aim is to take AEC out of most management-employee relations in the industry. The idea also grew out of recommendations of the presidential commission (BW—Apr. 23 '49, p108). It's designed to bar tieups while giving management and labor bargaining the freest possible hand in government-owned, privately operated plants.

The new policy stipulates that AEC will keep its hands off situations involving wages, hours, and working conditions "except as is necessary to discharge its over-all responsibility for the atomic-energy program."

• **Basic Tasks**—This responsibility, says AEC, involves: (1) security checks of employees, and (2) reviews of labor expenses under the government's cost-plus contracts.

AEC plans no change on point No. 1. But it plans in the future to "refrain from either direct or indirect participation in negotiations between the parties." After contract terms have been reached by collective bargaining, AEC will review them "as a whole" to see if they meet government requirements.

• **That's All**—Unless there's a strike threat—to be handled by AFLRP—that's as far as AEC wants to go in future labor relations in the industry.

#### COMMUNIST TRICKS BOOK

What is perhaps the best pamphlet ever prepared on Communist operations in labor unions is again available after being out of print for almost a year. It is called "Communist Trade Union Trickery Exposed." Karl Baarslag, head of the Americanism Division of the American Legion, wrote it.

Baarslag as a unionist had many years' experience with Communist factions; he put together his pamphlet specifically for the worker. In the simple language of homely images, he gives examples of how small, disciplined Communist groups manage to control large organizations. His point: You have to understand this technique to defeat it.

The 80-page booklet sells for \$1. The publisher is Argus Publishing Co., 55 E. Washington St., Chicago 2.

## LABOR BRIEFS

**Roundup of gamblers** is under way in and around Detroit auto plants. It's part of a police search for the man who shot Victor Reuther, U.A.W. educational director and brother of union president Walter Reuther—shot similarly one year ago. As **BUSINESS WEEK** pointed out last August, both Reuthers have tried to stamp out in-plant gambling (BW—Aug. 21 '49, p92).

**Clew to steel demands** may be found in what United Steelworkers (C.I.O.) wants from Timken Roller Bearing Co.: flat 15¢ raise, \$150-a-month pension for workers who want to retire at 60, disability program. Timken contract covers 15,000, expires on June 30.

**New FEPC bill**, patterned after New York's ban on job bias, has passed first congressional hurdle—a subcommittee of the House Labor Committee. It would bar discrimination for race, color, religion, or nationality. Law would be administered by a board (BW—Apr. 30 '49, p106); orders would be enforceable in court.

**Disabling injuries** dropped in 1948, to 11.49 per 1-million man-hours. The National Safety Council says that's 13% below the 1947 rate. Time lost in 1948 totaled 1.12 days' idleness per 1,000 man-hours. Communication industry was the safest; lumbering and coal mining were the most hazardous.

**Kennecott Copper's** union, the Locomotive Firemen & Enginemen, has rejected a compromise settlement of an old wage dispute (BW—Feb. 12 '49, p82). It threatens another strike in the Utah mines unless Kennecott accepts wage recommendations by fact-finders, who were named by the President to end a 104-day strike which began last Oct. 24.

**Railway Trainmen officials**, headed by president A. F. Whitney, have "unwillingly" signed non-Communist affidavits. The brotherhood says that otherwise it would be threatened with the loss of its bus drivers because it couldn't qualify under Taft-Hartley to get on NLRB ballots.

**The Pictures**—Acme—21, 103, 109 (lt.); Br. Combine—109 (rt.); Harris & Ewing—96; Int. News—52, 100; Bob Iser—24, 25; Keystone—115; Pix—92; Dick Wolters—22, 26, 28, 31, 32, 34, 36.



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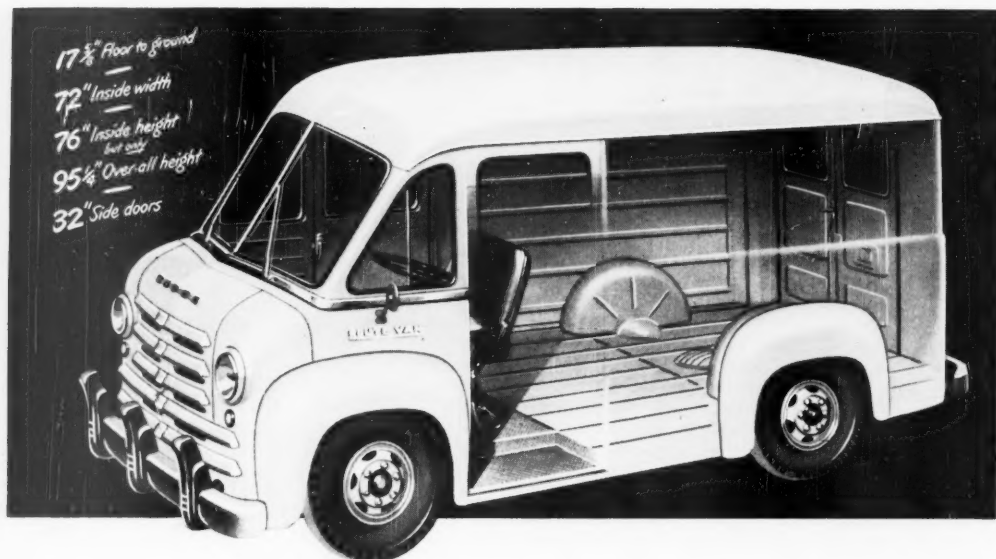
Note the center aisle—with 3 tiers of milk cases (46 cases—square bottles); with 4 tiers, the 7-foot Route-Van body accommodates 66 cases.



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# INTERNATIONAL OUTLOOK

BUSINESS WEEK

JUNE 11, 1949



ECA's battle with Britain over western Europe's trade is getting hotter.

ECA wants to break up bilateral trading—let a whiff of competition into the market place.

Averell Harriman, ECA's European chief, thinks that loosening up the payments system would help turn the trick. He has the backing of most Marshall Plan nations.

But Britain, supported by the Scandinavians, is fighting tooth and nail.

Harriman's idea is a pretty fancy juggling operation—a mixture of planning and competition.

It boils down to this: Tighten up on ECA dollars to European creditors, like Britain and Belgium. Put the dollars into a pool for debtor nations, like France. Then let the creditors compete to earn the dollars back with exports.

Finally, if a debtor can't use the pool dollars to best advantage in Europe, it can shop with them in the U. S.

This plan would take a big wrinkle out of the present payments scheme. Now a debtor nation gets a grant, say in sterling, which it can use up only on British goods. The nation must pay British prices even if similar goods are available at lower prices elsewhere.

The British gag at the whole idea. They call it an "academic" experiment which would:

- (1) Penalize European creditors by making the amount of their ECA aid uncertain.
- (2) Cost London some gold or dollars, and expand trade in nonessentials.
- (3) Expose Europe's convalescent industries to U. S. competition before they are healthy enough to stand it.

The British have a counter-offer: They would scrap import quotas and licenses on European goods.

But the other Marshall Plan countries aren't impressed.

They say too much of Britain's trade is on a government-to-government basis. Scrapping quantitative restrictions wouldn't mean much.

The Belgians are pretty keen on Harriman's plan. They see a chance to get some extra dollars. They think they are in competitive shape to do it.

All Brussels wants is some assurance ECA won't chop Belgium's regular aid. The Belgians want to begin building their currency reserves.

Other countries which back Harriman's plan think now is the time to test the rigors of competition.

They figure two more years of U. S. aid will cushion the blow.

ECA may stop nudging the British to devalue the pound.

Thomas Finletter, head of ECA's London mission, wants the British to tackle their price problem from another angle first: He'll ask Sir Stafford Cripps to start a vigorous drive against price-fixing and output restrictions.

Paul Hoffman seems willing to let Finletter have a try.

If Cripps buys the idea, he might look into auto accessories, cables, glass



# INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

JUNE 11, 1949

containers, electric motors, textile machinery, light bulbs, many chemicals.

The six months' old British Monopolies Commission is investigating some of these industries now. But its machinery is too slow to affect export prices for years. So Finletter will ask Cripps to speed the process.

The French government has another stretch of thin ice ahead.

In the next couple of weeks, the National Assembly will get a bill to streamline state-owned industries. It will be Premier Queuille's toughest test this year.

French Catholic labor unions have joined their arch enemy the Communist General Confederation of Labor, in defending nationalization as is. The middle-of-the-road Force Ouvriere has condemned the reform bill on its own.

In the Assembly, former premier Paul Reynaud is the bill's leading booster. Socialists in the Assembly are, as usual, the big question mark. It wouldn't take much to stampede them into voting with the Communists against the government. That would mean the end of M. Queuille.

British Conservatives say they are sure now that the Labor Government will call a general election this fall instead of next spring.

The Tories think the Laborites face economic troubles which will scare them into a snap election.

Perhaps the Tories are just trying to whip up a panic to better their chances. They used such tactics in 1931. On the other hand, they could be right, too.

The Tories got some unexpected support this week at the Labor Party conference at Blackpool. Laborite Lord Strabolgi urged his party to get the election over with before an export slump really hit the country.

Deputy Prime Minister Herbert Morrison silenced him abruptly—but not before some damage was done.

A Point 4 program for Brazil is taking definite shape in Washington.

Octavio de Boulhoes, Brazilian chief of the Abbink mission, is now talking with the Treasury, State, and Commerce Depts. You can look for some definite announcements when Brazil's Finance Minister Luis Castro gets here, probably next month.

The conferees already have gotten into the questions of what fields will be open to private investors, what guarantees they can expect. The Brazilians are reserving only hydroelectric development for themselves. Just about everything else will be open to private capital.

De Boulhoes also wants some sort of financial help from the U. S. to cover debts owed U. S. exporters. Brazilians say that if these are written off, the country will be able to balance its trade next year.

The U. S. Justice Dept. is pursuing its antitrust case against du Pont and Britain's Imperial Chemicals Industries.

Justice isn't satisfied with the recent ending of du Pont's patent-sharing agreement with I.C.I. Antitrust officials claim they can prove a market-sharing agreement as well.

That's why Justice broke off negotiations with du Pont for a consent decree a few weeks back.

# BUSINESS ABROAD



U.S. HIGH COMMISSIONER John McCloy will push decartelization, while . . .



BRITISH COMMISSIONER Gen. Robertson may oppose it. So problem is . . .

## How Will They Attack German Trusts?

**Sale of first Farben plant will test ways to break up trusts.  
But capital shortage makes it hard to find new owners.**

**FRANKFURT**—In the next four or five weeks, the first western German plant of the sprawling I. G. Farben chemical trust will be put up for sale.

• **Test Case**—The U. S. military government admits that the sale will be only a test case. The Army's decartelization crew is groping for a formula to guide it in finding new owners for Germany's industrial trusts. Besides Farben, the Army has to break up the huge concentrations of economic power in Germany's public utilities and the all-important Ruhr coal and steel combines.

Decartelization—like denazification—has been an important plank of U. S. German policy since V-E day. But it has remained a vague one. Outside of mountains of paper work, nothing much has been done about it.

• **Handle With Care**—The Army started to shy away from trust-busting as soon as the cold war began to color our German policy. The immediate point was the need to put recovery first; reform could wait. But the Army made no bones about the fact that it thought decartelization was a punitive measure that should have gone out the window with Henry Morgenthau's "pastoral" policy for Germany. A segment of U. S. business, and, of course, the Germans, agreed.

The British and French have lined up with the Army on this; they have taken an even more negative attitude toward trust-busting.

• **Capitol Heat**—But in Washington, the State Dept. and the White House have become more and more concerned at the Army's reluctance. Criticism reached its height recently when a Senate investigating committee blasted the Army's trust-busters for gross negligence on the whole decartelization program. Shortly afterward heads with brass hats began to roll.

• **Three Minds**—In July, when the new western German government is set up, responsibility for the U. S.' part in decartelization will pass from the military to the State Dept. Then the Allied High Commission will rule Germany. U. S. High Commissioner John McCloy (picture, left, above) will have to be the heavyweight brain-truster. His British counterpart, Gen. Sir Brian Robertson (picture, right), seems to think the trusts should be handled quite differently. The French representative, as yet unnamed, will probably hold to his country's line: that is, to keep control of German trusts in Allied hands for an indefinite period.

• **The Farben Case**—The problem that the Army shied away from is one of the most complicated any victor nation

has had to face in history. Take the I. G. Farben case as an example.

On paper the U. S. has broken up the 51 Farben plants in its zone into neat independent organizations. But finding somebody with money to buy them is another matter.

• **Wanted: Investors**—In Germany, business ownership has never had a broad base. And investment capital has never been scarcer than it is today. It is so scarce that many businessmen can't scrape up enough marks to buy the output of German steel mills to repair or expand their own plants. Since they can't buy, Germany today has to export some of its limited production of steel. It's not surprising, then, that there is no market for large blocs of stock.

The Allied authorities are convinced that, to sell the plants, they must find some way to get the old Farben stockholders—the politically pure ones—back into the act, through some sort of stock transfer or the like. But no two people agree on how much one share of old Farben stock is worth.

Besides not knowing how much the stock is worth, nobody knows just who the old stockholders are. Much of the Farben stock is in "bearer shares"—a common prewar German device for cloaking ownership. The greater part of these bearer shares were held in Berlin banks. At the end of hostilities the Russians seized them and, it is rumored, let many of them leak out into the money markets of Switzerland. Here

speculators have bought them up with the hope of staking a claim in the future.

• **Split**—On top of these obstacles, the U. S. and the British have been waging a running fight as to how and when to attack the whole problem. The British have created a German trustee for the five-plant Farben combine in their zone, and have let the matter rest there. They think it is much too soon to start selling Farben plants, or any others, for that matter. Apparently it was only after the longest of arguments that they agreed to a tryout sale of a

Farben plant in the U.S. zone (the U.S. hasn't said yet which one it will sell). And the British have some strong reservations about the economics of breaking down the cartels into what they fear will turn out to be inefficient units.

• **Ruhr Question**—British-U.S. tension over the whole decastelization issue reached its height on the question of the Ruhr iron and steel industries. At one point the U.S. accused the British of so reorganizing the industries that nationalization could be the only way to handle them (BW—Nov.27'48,p109).

But last fall the U.S. won a temporary victory; new legislation was adopted designed to break the industries down into new enterprises of a size and range that will ensure their ability to compete in the world markets.

Right now the plan is to split the Ruhr steel industries into 10 to 12 units. A capacity of 1-million tons each is the rule of thumb being used. These units will be allowed to own enough coal for their own needs, but no more. That means setting up numerous new coal enterprises. Prewar the Ruhr steel industry owned directly or controlled indirectly 55% of the coal mined in the Ruhr and 60% of the coke produced.

• **Trustships**—A trusteeship board of 12 Germans has been running the Ruhr coal mines since last fall. Appointment of a similar board for steel is being held up while the occupying powers debate what powers the trustees shall have. The two boards are supposed to determine the new pattern for steel and coal; then they are supposed to operate the Ruhr industries until a German government decides the question of public vs. private ownership.

Some U.S. observers are objecting to the proposed makeup of the new steel trusteeship board because four labor union leaders are to sit on it. They feel this could be the first step toward nationalization.

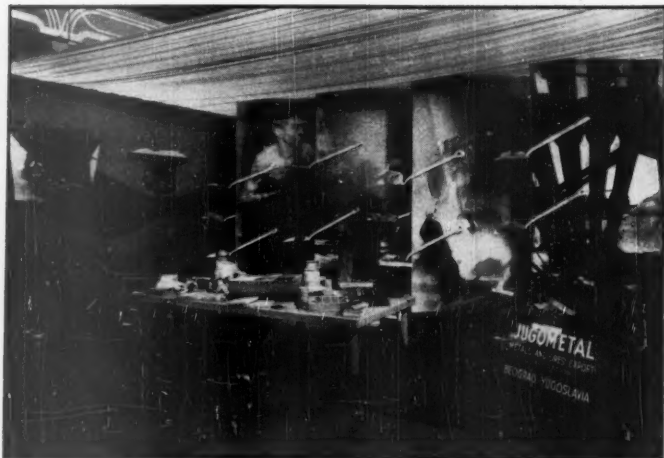
• **German Views**—Actually there is a lot more handwriting on the wall than that. Both of western Germany's strongest political parties are on record as favoring public control of the Ruhr industries.

Kurt Schumacher, leader of the powerful Social Democratic Party, is plugging for ownership of the industries by national boards. Schumacher's program differs from the British system: he would leave management at the local level—you might call it management by committee—with labor, management, the municipality, and the state represented.

Konrad Adenauer, leader of the conservative Christian Democratic party, has a similar program. He wants 51% of the Ruhr industries owned by public interests—with the federal, state, and local governments represented. He would allow no private person or corporation to own any more than 10% to 15% of any coal or steel unit. Under Adenauer's plan, management would be appointed by joint public-private boards on which the owners would be represented in proportion to their holdings.

• **Other Targets**—Farben and the Ruhr iron and steel industries are by no means the only targets under the West's definition of "undue concentrations of economic power."

The three powers have drawn up legislation, still under wraps, for a thorough reorganization of the public utilities. The object is to eliminate holding



YUGOSLAV DISPLAY of metals and ores aimed to catch the eye and the customer at . . .

## Toronto's International Market Place

TORONTO—The men in the international market are out to sell. You could see the signs as the second Toronto International Trade Fair opened its doors last week. More than 1,500 exhibitors put on their best salesman's smiles to invite export trade.

Another sign: The fair wore a more international air than it wore last year. About 60% of the exhibitors hailed from outside Canada—34 nations from both hemispheres. Only 40% represented home-grown talent. Last year it was just the other way around.

• **Trade Braid**—Two of the biggest trading countries in the world paid their respects by sending their top trade brass to the opening: Harold Wilson, president of Britain's Board of Trade, Charles Sawyer, U.S. Secretary of Commerce, C. D. Howe, Canada's Minister of Trade & Commerce, was there to welcome them.

• **Who Came**—More U.S. manufacturers turned out this year. Makers of electrical appliances, road and farm machinery had the biggest displays.

Britain had the largest of the foreign delegations—especially from the textile and machinery industries. To Harold Wilson, the machinery makers were Britain's fair-haired boys. Exporting capital goods and engineering equipment to Canadian developments, he said, was Britain's best bet in cutting down its whopping trade deficit with Canada.

A newcomer—Yugoslavia—stole the show. The Yugoslavs brought their own artist with them from Belgrade to set up their eight booths—one for minerals (picture), the rest for textiles and handicraft.

A delegation from Atlantic City, N. J., circulated among the opening-day crowd. They were men with a mission—studying the possibilities of staging such a fair in the U.S. next year. Detroit has plans well along now.

• **Expectations**—Exhibitors weren't at all fazed by what looked like a slow start. They were counting on a crowd of 50,000 buyers before the fair closed June 10.



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# WORTHINGTON



THE SIGN OF VALUE AROUND THE WORLD

companies and other features which gave the utilities undue control over other industries.

Most significant part of the public utilities reform program is the provision to set up public service commissions—which Germany has never had. These commissions will have rate-fixing and other supervisory powers that such bodies commonly have in the U. S.

- **Cartels**—Trust-busting measures of a different type are embodied in three-power legislation aimed at terminating cartel agreements. This legislation condemns all sorts of agreements in restraint of trade; in many cases the new laws have already been put into effect. Thus Bosch, one of Germany's big electrical firms, has terminated some 10,000 "restrictive" agreements with sales outlets.

- **Reform**—There's one bright spot—perhaps the brightest—in the U. S. military government's decartelization program: the decision to abolish Germany's medieval practice of having local authorities license new business. No new business could open up in a given area without the approval of local guilds, trade associations, and other groups concerned.

- **Results**—Enforcement of this reform in the U. S. zone of Germany has had spectacular results. (The British accepted the new order, but have yet to enforce it.) Here are the figures for the state of Wurttemberg-Baden, where Stuttgart is located: Within 10 days after the law became effective last January, 1,853 new businesses opened; 3,862 more opened before the end of the month; 5,292 opened in February, and 5,498 in March.

Most Germans roundly applauded outlawing of the licensing system. Housewives saw the prospect of lower prices through increased competition. Refugees could set up shop and earn a respectable living. Some small shopkeepers—pharmacists, hair dressers, cobblers, and the like—were annoyed, of course. They didn't like to lose the protection of ironclad districting of business.

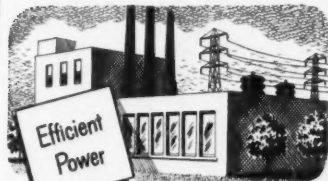
- **Selling Job**—All of the Allies' trust-busting legislation remains in force until some German government—federal or state, whichever is concerned—passes parallel legislation on its own. In the long run, of course, unless the powers can sell the Germans on the benefits of competitive enterprise, all the decartelization legislation will be a waste of time.

Most German observers feel that competitive enterprise will gain more ground when the high commissioners take over from the generals. Then the State Dept. will be shaping U. S. policy on Germany. And the State Dept. has harped all along on the importance of altering Germany's industrial structure.



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# WORTHINGTON



## Reserves Gone

Union of South Africa has just about run out of reserves of dollars, gold, and now sterling. So it has cut imports drastically.

JOHANNESBURG—Last November the Union of South Africa just about ran out of dollars. Now it has just about run out of pounds sterling, too.

As a result, South Africa is clamping the lid down on imports. Two classes of goods will be banned as of July 1: (1) nonessential raw materials and capital goods; and (2) all consumer goods except those needed to maintain public health.

• **Permits**—The government will issue permits to South African importers, just as it does now, to tell them how much foreign exchange is available to them. During the last six months of 1949, each importer will be allowed half the amount of sterling he used during the same period in 1948. And he will get only a third of the dollars he used to buy dollar goods during the last half of 1948. In addition, of course, he will have to confine his imports to the permitted classes of goods.

Highest priority under the new import regulations will go to bringing in essential raw materials and capital equipment for farming and mining (especially the new gold mines, which are just ready now).

Actually, not even these needs can be completely met, according to South Africa's Minister of Economic Affairs. He told the House of Assembly recently that there wouldn't be enough money between July and December to meet the Union's needs for essential raw materials and capital goods.

• **Beyond Its Means**—What happened to South Africa? It has simply been living beyond its means.

Last year the Union's adverse balance of trade was estimated at £160-million. In 1947, the trade deficit was entirely covered by an influx of private capital into the Union. But by mid-1948, this influx had just about petered out.

• **Gold Reserves Down**—As a result, South Africa's gold holdings have taken a terrific nose dive. At the end of 1946, the Union treasury bulged with £231-million in gold. By the end of 1948 about £45-million was left; since then the figure has dwindled a lot further. This indicates that South Africa has been using all current gold output and more besides to pay for its imports.

Things got so bad in May that the government had to withdraw £35-million from the £80-million gold loan it had granted Britain in February, 1948. At the same time, it touched the In-

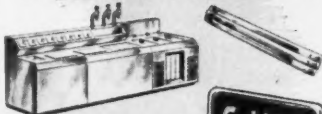
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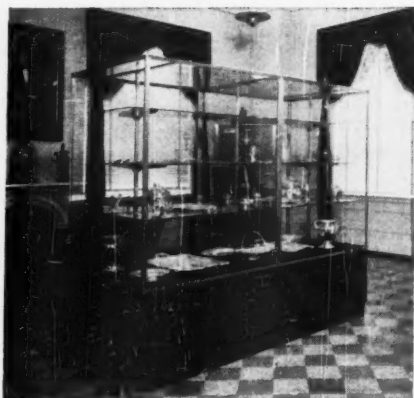
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• **Exchange Reserves Down**—Foreign exchange holdings (mostly sterling) at the end of 1948 were only a little more than half what they were a year earlier. And they have dropped a little since.

As a result, Britain's hard-pressed exporters will lose virtually all their South African market. South Africa took 7% of Britain's exports last year—and the lion's share was in consumer goods and "nonessential" raw materials.

• **Attract New Capital?**—The South African government hopes to ease off its austerity program each successive six months; it hopes to end it entirely by 1951. Critics of the government think there is an easier way out: Make South Africa more attractive for private investors from abroad.

To help accomplish this job, the Union government plans to set up a National Finance Corp. The new gold strike in the Orange Free State may also attract some foreign investment capital —though, of course, it won't increase South Africa's gold output for several years.

While South Africans hunt for a solution, there is little most U.S. and British exporters can do.

### Auto Imports (number of cars)



Dept. of Commerce.

BUSINESS WEEK

## Foreign-Car Slump

The market for foreign cars in the U.S. has just about dried up to its prewar trickle. From a high of 3,732 in July, 1948, automobile imports dropped to 568 in March, 1949. Estimates for April put them still lower. Britain is the big loser. Imports of British cars dropped from 1,328 in January, 1949, to 286 in April.



## New ECA Deputy

William C. Foster, aid to ECA's roving ambassador Averell Harriman, is the new deputy administrator of ECA. He replaces Howard Bruce, who is resigning. Foster was formerly Under Secretary of Commerce; he's president of Pressed & Welded Steel Products Co., Long Island City, N. Y. Replacing Foster as Harriman's right-hand man in Paris will be Milton Katz, general counsel in ECA's European headquarters.

## BUSINESS ABROAD BRIEFS

Czech cars have a foothold in North America. Canada's Cotton Cycle Co. bought 23 Skoda cars at the Toronto International Trade Fair; a new Tatra model will appear in Canada this fall. And the Czechs have plans for Skoda and Tatra dealerships in the U. S., too.

Plough, Inc., has licensed Matalon Bros., an Israeli firm, to produce the Memphis company's line of drug products for the Middle East market. Matalon will build a plant in Tel Aviv.

Brazilian projects are being promoted by: (1) National Lead Co., which has taken over the barite (barium ore) deposits plus a mill on Camamu, off the coast of Bahia; and (2) the Ring Engineering Co., of Washington, D. C., which is backing a Brazilian firm—Mineracao Cearense S.A.—to mine beryllium.

Los Angeles' free port will get into operation late this year, about the same time Seattle opens its foreign trade zone (BW—Jun. 4 '49, p. 28). Three other U. S. duty-free foreign-trade zones (New York, New Orleans, and San Francisco) are already going affairs.

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# There's Only One Way to Balance the Budget

It is now almost certain that the federal government will run a deficit of something like \$3-billion in the fiscal year ending June 30, 1950. That should be a sobering thought for the country and for the Administration. But if it preys on President Truman's mind, he has so far done a masterly job of concealing it.

On a one-shot basis a \$3-billion deficit isn't too terrifying. With a national debt of more than \$250-billion, an increase of about 1% isn't going to wreck the country. But it is a bad omen for the future. If we can't keep the budget balanced except in periods of rapid inflation—such as 1947 and 1948—then we are headed for trouble. Deficits will pile up every time the boom slows down a bit. Over a period of years, these deficits will feed a chronic inflation.

The blame for slipping back into deficit financing has to be split three ways—among the public, the Congress, and the Administration. The plain fact is that there aren't enough people who want economy badly enough to see the government cut down on their pet projects.

But it is also a fact that the President has the main responsibility for drafting the federal budget. And if the expenditures that he recommends produce a deficit, then the baby properly belongs on his doorstep, regardless of who else is to blame.

Theoretically, Congress has the power of the purse strings, but a President who doesn't really want economy can put Congress in an impossible political position. Once he recommends an expenditure, the burden of knocking it out falls on Congress.

No Congressman likes to stand up and be counted as voting against an appropriation that a powerful group of his constituents wants. If the issue never comes up, he may be glad enough to let the whole thing lie. If he is forced to cast a vote, he probably will vote in favor of it. You can call that a pathetic lack of political courage, which it is. But it is also human nature.

## A Blind Alley

In his 1950 recommendations, President Truman managed to muddle the budget issue even more than usual by calling for \$4-billion in new taxes on corporations. On paper at least, that would give him a balanced budget and a comfortable surplus for debt retirement.

As a general principle, Truman's proposition looks perfectly sound. If you have struck a satisfactory balance between revenues and expenditures, then each new increase in spending should be matched by a corresponding increase in taxes.

But in this particular case, Truman's prescription for avoiding deficit financing would be a very dangerous dose for the country to swallow. And it is all the more dangerous because corporate taxes might seem to offer an easy way out to a Congress that is scrambling for more revenue.

Corporations already are carrying a heavy load in income taxes. And most businessmen argue that they

are seriously hampered by other features of the tax laws—for example, the low depreciation allowances permitted by the Bureau of Internal Revenue, and the penalty tax on undistributed income. Aside from that, corporate income, as any stockholder knows, really pays two taxes—one when the company earns it and one when the shareholder gets it in the form of dividends.

## Threat of Recession

Under the circumstances, there is a real danger that \$4-billion extra taxes on corporations would turn the current business adjustment into an outright recession. And even if its immediate consequences were less disastrous, it certainly would put a crimp in industry's plans for capital expansion and new investment.

It's entirely possible that the new taxes would cause such a drop in business that government revenues (which depend mainly on income taxes) would shrink, too. Immediately, the deficit would bob up again. And that could be the start of a vicious circle of spending and taxing that would end only when all business was flat on its back.

In other words, Truman's solution—\$4-billion in extra taxes on corporations—is no solution at all. At best, it would only postpone the day of reckoning. And it might easily knock over the whole economic appcart.

If we really want a balanced budget in 1950 or in later years, there is only one way to get it. That is to cut down on federal expenditures.

The cutting will have to be done scientifically. We are too deeply committed, both at home and abroad, to do any indiscriminate slashing. One reason that budget-cutting programs usually fail is that congressmen try to knock off a flat 5% or 10% instead of going down the list item-by-item to see what can go and what has to stay.

There are several mechanical aids to economy that would make the pruning process easier if not less painful. For example:

(1) The consolidated appropriations bill. Under this system, Congress would pass all expenditures in a single package instead of approving them piecemeal. This would keep congressmen from discovering belatedly that the sum of the parts is considerably more than they intended the whole to be.

(2) The "performance" budget, which combines all expenditures for the same purpose into a single total instead of scattering them through the various departmental appropriations.

(3) The legislative ceiling on expenditures adopted early in the session and used as a guide to future appropriations.

You have to remember, though, that none of these mechanical devices will work unless Congress and the Administration are genuinely determined to make them work. And if there is a genuine economy drive, the mechanics probably will take care of themselves.





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